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Pan Am Negotiating Leasing of Airbuses; Purchase Is Possible

By Axel Krause
International Herald Tribune
PARIS — Pan American World Airways Inc. is negotiating with Airbus Industrie for the leasing of unsold planes in an agreement that might also involve the U.S. airline's purchase of the A-320, Airbus' proposed 150-seat jetliner, spokesmen for both companies said Friday.

They declined to provide further details.

The agreement would represent a major marketing breakthrough for Airbus Industrie, a European consortium that to date has had limited success in penetrating the U.S. market with its twin-engine jetliners.

Few if any U.S. airlines have expressed serious interest in the A-320, which is due for delivery in 1988, industry sources said.

"If Airbus lands Pan Am as a customer, it would be a very big deal indeed for European industry and Airbus in particular, which is having trouble selling its planes," a senior U.S. diplomatic official said.

He added that the package, particularly the financing arrangements, could trigger a new transatlantic trade controversy if the terms are not what he described as "competitive by industry standards."

Industry sources said that they believed that Pan Am probably could obtain highly advantageous terms for leasing the planes for use on its European routes.

There presently are 26 unsold Airbuses at the consortium's facilities in Europe. Pan Am is reportedly most interested in leasing A-300s. Each has a market value of about \$23 million.

A spokesman for Pan Am in New York said that the airline is negotiating with a number of companies, including Airbus, Boeing Co. and McDonnell-Douglas. He said that Pan Am is phasing out its fleet of roughly 30 Boeing 727s and might also be seeking replacements for its fleet of leased Boeing 737s.

The spokesman emphasized that the company "had nothing to announce" for the time being, and he declined to comment on speculation in Europe that the Pan Am board might make a decision on Airbus' proposals at its regular meeting on Tuesday.

But he confirmed that a package deal linking the leasing of the unsold Airbuses and purchase of the new A-320s is "a possibility."

The importance of the negotiations for the main partners in the Airbus consortium, West Germany, France and Britain, was reflected in recent high-level meetings between C. Edward Acker, Pan Am's chairman, and some European leaders.

Mr. Acker recently met with the French prime minister, Pierre Mauroy, who resigned July 17, and Franz-Josef Strauss, prime minister of Bavaria, who also is chairman of the supervisory board of Airbus Industrie, diplomatic officials said.

Western Reporters Face Steadily Rising Barriers

By Richard Bernstein
New York Times Service
UNITED NATIONS, New York — On the last day of 1983, there was a military takeover in Nigeria, on April 3, 1984, a coup in Guinea, and, three days later, a violent attempted overthrow of the Cameroon government.

As each of these West African political upheavals occurred, one of the first measures the authorities took was to close their borders and stop issuing visas to foreigners, including journalists.

Many overseas reporters, as well as editors and administrators, say problems in West Africa are symptomatic of a growing difficulty faced by foreign journalists, particularly Americans: gaining access to many parts of the Third World.

Journalists who work for newspapers, magazines and television, particularly in Africa and the Middle East, say they are encountering long and frustrating waits for visas, which in some cases are never granted.

Even when journalists do obtain visas in many developing and Communist-ruled countries, many say they find themselves faced with tight restrictions on their ability to travel, witness events and talk freely with local citizens and officials.

It is difficult to quantify precisely the obstacles to journalistic access but human rights groups that monitor press freedom have generally found that in many areas restrictions have become tighter.

"I can say to you that the trend in the last 18 months certainly has been for foreign journalists to have more difficulties," Peter Gallner, director of the International Press Institute in London, said in a telephone interview. Mr. Gallner named Africa, the Middle East and Asia as areas where that trend has been most noticeable.

Problems of access can also be a problem for journalists working in the West, as last year, when American reporters were not allowed to cover the early stages of the invasion of Grenada. But the situation in many places in the Third World seems to be characterized by a sustained pattern of restrictions on the activities of foreign journalists that pose nearly constant obstacles to independent reporting.

The situation reflects more than a host of practical problems facing reporters assigned to cover Third World and Communist bloc countries. To many journalists, it seems to indicate a deep distrust of the press among Third World nations, many of whose leaders have complained that the Western press and



Security checks at the UCLA Olympic village in Los Angeles.

Olympics Are Opening With a Whirl As Helicopters Aid Thousands of Police

By Robert Lindsey
New York Times Service
LOS ANGELES — A security net that law enforcement officials say is the largest and most expensive ever imposed on a peacetime enterprise in the United States has tightened here for the Olympic Games, which were opening Saturday.

Thousands of athletes have moved into Olympic villages at three universities.

Elsewhere, thousands of federal agents, National Guardsmen and local law officers were on alert.

More Olympic Games coverage, Page 13.

So are more than a dozen dogs trained to detect explosives and scores of human bomb-disposal experts; two paramilitary hostage rescue teams; and a task force of anti-terrorist specialists from U.S. and foreign intelligence services.

There is a huge arsenal specially assembled for the Olympics that includes machine guns with silencers and scores of sniper rifles.

If there is a distinctive sound so far to the 1984 Summer Olympic Games, it is the chop-chop noise of helicopter rotor blades.

More than 100 helicopters have been deployed for security and support operations. Hundreds of agents from the Secret Service, the United States Marshals Service and the State Department are here to protect foreign and American dignitaries.

The Coast Guard has assigned more than 3,000 personnel, along with an icebreaker and scores of smaller craft. Their assignment is port security, especially at nearby Long Beach Harbor during Olympic yachting competition.

The efforts to protect participants from terrorists are apparent throughout the villages. But there are no patrolling soldiers bearing automatic weapons, which at times characterized this year's Winter Olympics at Sarajevo, Yugoslavia, and the 1980 Summer Games in Moscow.



More than 100 helicopters such as this one will be used for security at the Games.

Unorthodox Adoptions Grow in U.S. Childless Couples Turn to Advertising, Foreign Infants

By Sheila Rule
New York Times Service
NEW YORK — Thousands of childless couples across the United States, desperate to adopt healthy white infants, are increasingly taking nontraditional and controversial routes in their search for babies.

Instead of using adoption agencies, these couples, most of them white and middle class, are arranging so-called independent adoptions, set up through a lawyer or another party.

Many are placing newspaper advertisements, typically specifying white babies, in states where the practice is legal. Many are seeking to adopt through word of mouth, sometimes sending out detailed information about themselves to such potential sources as doctors, lawyers, ministers and friends.

More and more people are adopting foreign-born infants or paying tens of thousands of dollars for babies on the illegal market.

Less than two decades ago, adoption agencies had no shortage of babies. Now there are at least 10 requests for every baby available through an agency, according to the National Committee for Adoption in Washington.

This change has a variety of causes — the lower birth rate, legalized abortions and a greater acceptance of having babies outside of marriage.

With waiting lists as long as seven years, many adoption agencies have stopped accepting applications and have instead turned their attention to finding homes for children who are hard to place — those who are older, disabled or members of minority groups.

There were 50,000 adoptions last year through independent sources and agencies in the United States.

Talks on Space Arms 'Impossible' After U.S. Response, Soviet Says

By Seth Mydans
New York Times Service
MOSCOW — Negotiations on banning weapons in outer space have become impossible following the latest U.S. response to Soviet overtures, the Soviet Union said Friday.

Deputy Foreign Minister Viktor G. Komplexkov said the Soviet offer for talks in Vienna in September remains open, but that "the current U.S. position makes impossible the conducting of the kind of negotiations we are talking about."

Mr. Komplexkov left the door open to a change of position based on the development of diplomatic contacts. But he said that a recent U.S. reply to a Soviet proposal Monday for a joint affirmation of readiness to negotiate showed instead that the United States does not want talks on such a vital problem as the banning of space weapons.

[The White House sharply disputed Moscow's contention that the Reagan administration's approach was making it impossible to hold discussions on curbing the militarization of space.]

"We have accepted the Soviet proposal for discussions in Vienna in September without preconditions," said Larry Speakes, the White House spokesman. "Our preparations are continuing vigorously, and we expect to be in Vienna." But Mr. Speakes said, "we do not believe that such discussions are impossible and we are continuing to deal with this subject in private diplomatic channels." He said Mr. Komplexkov said.

"There is not even any mention of outer space or of preventing its militarization," he said. "Nor is there mention of the introduction of a moratorium on space weapons. Instead of this, an offer is made for negotiations about nobody knows what."

The discussion began June 29 with a Soviet offer for talks in September in Vienna on banning space weapons of any kind, to be accompanied by a moratorium on testing and deployment of the weapons.

The White House responded within hours that it was ready to meet to discuss and seek agreement on feasible negotiating approaches on space weapons.

■ **Opposition by Weinberger**
 Fred Hain and Walter Pincus of the Washington Post reported earlier from Washington: Defense Secretary Caspar W. Weinberger, in remarks suggesting a high-level dispute within the Reagan administration, said that there is "no point" in going to Vienna for talks with the Russians if they insist

Vote Imperils Fontainebleau Accord, Threatens New EC Budgetary Crisis

By Paul Lewis
New York Times Service
PARIS — The European Community has been pushed into a new financial crisis barely a month after its leaders claimed they had resolved the trade bloc's protracted internal quarrels over money at their summit meeting at Fontainebleau in France.

In an unusual display of one of its few real powers, the European Parliament voted 212 to 70 Friday in Strasbourg to block payment of a \$600-million budget rebate the community leaders promised Britain this year as part of the Fontainebleau agreement on reforming the EC's finances.

This agreement was supposed to end the bitter disputes over the community's farm spending and Britain's complaint that it was paying an unfair share. The quarrel had virtually paralyzed the European Community for the preceding four years.

Following the compromise, however, the EC announced ambitious plans for the "relaunching of Europe," including closer integration of the 10 member nations' economies and steps to improve political cooperation. But all those schemes will be jeopardized, officials warn, if the Fontainebleau agreement starts to fall apart.

Under the Fontainebleau compromise, the EC nations agreed to limit Britain's budget contribution during the next few years. But they also undertook to impose tighter spending controls.

By voting to block Britain's promised rebate, the European Parliament is trying to put pressure on the British prime minister, Margaret Thatcher, to settle the one remaining EC financial disagreement.

The dispute concerns the way of raising the additional \$2 billion the 10 nations still need this year to pay for the huge food surpluses their farmers are producing.

At a meeting in Brussels last week, Britain refused to provide any further financing for this year's budget.

In London, British officials reacted angrily to the European Parliament's move, calling the vote "illegal" and "provocative." They said there was "no question" of Britain approving additional revenues for the EC this year.

The French government, which played a major role in negotiating the Fontainebleau agreement, appeared equally embarrassed by the parliament's action. In a radio interview, the French European affairs minister, Roland Dumas, said the Fontainebleau accord still stood and that France's socialist government would do everything possible to see that it was carried out.

■ **James Mason, the actor, died in Switzerland at age 75.** Page 4.

parenty of a bear attack, said Sarah Van Allen, his assistant.

His son, George Gallup Jr., currently is president of the Gallup Poll organization.

Born Nov. 18, 1901, in Jefferson, Iowa, Mr. Gallup was graduated from the State University of Iowa in 1923, then earned a master's degree in psychology and a doctorate in journalism.

Mr. Gallup began his research in public opinion and election forecasting in the early 1930s.

In 1932, he went to work for a

George Gallup, 82, Dies; Founded Survey in U.S.

The Associated Press
PRINCETON, N.J. — George Gallup, 82, founder of the Gallup Poll, died at his summer home in Switzerland.

Mr. Gallup, whose widely used poll was circulated through about 100 U.S. newspapers, died Thursday in the town of Tschingel, apparently of a heart attack, said Sarah Van Allen, his assistant.

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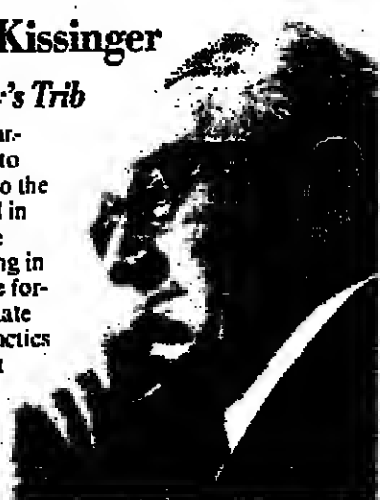
INSIDE

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- A rare look at life inside Albania, which has virtually shut itself off from the rest of the world for 40 years. A two-part series.

By Henry A. Kissinger Special in Monday's Trib

Henry A. Kissinger argues that it is essential to get the Russians back to the arms negotiations. And in his second article in the monthly series appearing in the Herald Tribune, the former U.S. secretary of state also explains why the tactics now being tried will not only fail to persuade them but could backfire on the West.

Look for his analysis Monday.



With Hunting Ban, Kenya Confronts A New Dilemma: Too Much Wildlife

By Alan Cowell
New York Times Service
NAIROBI — They were men, so they say, of true grit, on wild and endless lands, armed only with a strip of cloth and a bag of salt and a rifle.

Then, much later, the style switched, all Champagne and romance, at the zenith of the Great White Hunter on sun-blasted plains. Then, the safari died.

Notorious for the poaching that threatened great herds, Kenya outlawed hunting in 1977. A year later, it banned the sale of game trophies.

The hunters lost their living and so did many poachers, and the herds swelled. And now this East African nation faces a new and unfamiliar problem — what to do with the proliferation of game that has resulted from the bans of the late 1970s.

One proffered solution is that hunting be reintroduced to a nation marked increasingly by the contest between man and wild animal for land.

Kenya's herds were greatly depleted in the 1970s by poaching and drought, according to David Western, a New York Zoological Society researcher based in Nairobi.

Of the bans introduced in 1977 and 1978, he said, outlawing trophy sales was the most effective in curbing poachers.

Only the rhinoceros have continued to suffer. Their population has declined from about 20,000 to 800, supplying the market in Yemen for daggers with handles carved of rhino horn. The only hope now for the rhinoceros, Mr. Western said, is careful management on private ranches, where the animals will be protected.

As for other species, Mr. Western has observed places where the wildebeest and zebra populations have increased by 50 percent, buffalo have doubled, and elephant herds have increased by 45 percent.

But at the same time, livestock herds have blossomed, and now there is a drought that sharpens competition for grazing land.

Kenya has eased its ban on hunting to the extent of permitting the pursuit of birds. But beyond that, there is a great debate.

"Wildlife is increasingly a problem," Mr. Western said, and the solutions offered are various.

One school, composed predominantly of conservationists and hunters, argues that hunting should be reintroduced.

The hunters say that they are the best conservationists, because their livelihood depends on the tending of the ecology. In any event, they say, a poacher is deterred by the prospect of encountering a safari bristling with weapons.

Moreover, by this argument, Kenya's wildlife is a prime source of dollars and Deutsche marks, which are brought in by tourists who trundle through game parks in zebra-striped buses. People will pay much money to level a rifle at an animal.

The authorities lean toward culling the herds, Mr. Western said. This would keep the number of animals manageable at a time when untrammelled population growth and agricultural expansion has eroded the ranges.

Many conservationists contend that culling destabilizes entire ecosystems and is not economically worthwhile. The government argues that herd cropping has



Tourists get a close-up look at cheetahs at Masai Mara national reserve in south Kenya.

long been practiced in Zimbabwe, apparently with success. But Mr. Western says that it would not work in Kenya because Kenyans would not buy the meat obtained from the cull.

Some people say that nature should be left to take its course, that the animals must adjust to their circumstances. But that position elicits other questions.

The species that survive tend to be stronger, so other species are lost and ecological chains are broken.

"It is beginning to trouble a lot of people that the woodlands and bushlands are disappearing because of elephants," Mr. Western said. "People are going to have to ask very seriously whether they are going to let nature take its course."

In southern Kenya, the Masai Mara national reserve covers a modest 540 square miles (1,400 square kilometers). It is part of the much bigger ecosystem of the Serengeti Plains, 5,600 square miles of what one writer has called "the last great assemblage of wild animals left on the globe."

The northern Masai Mara is a place where something will have to give. Kenya's population is growing faster than any other in the world, and the people want food, so the government has developed huge cereal plantations north of the Masai Mara.

The plantations have pushed the Masai tribes and their cattle south toward the fringes of the reserve, where, from August through November, great herds of wildebeest migrate from the Serengeti.

It is reckoned that there is enough range for the wildebeest and the cattle, but not enough for the animals to compete with the plantations.

The conservationists' answer is to more intensively farm the 15 percent of land that is available for low-technology agriculture. This, they say, would improve land use.

But the picture is more complex, since south of the Tanzania-Kenya border, years of economic decline have left scant resources for wildlife management.

Armed Highwaymen Threaten Tourists in Southern France

By E.J. Dionne Jr.
New York Times Service

PARIS — Highwaymen are riding the roads of southern France this summer, and French police are not entirely sure who they are or how to catch them. The bandits have a preference for stolen BMWs and stop cars by swerving in front of them. Sometimes they wake up sleeping passengers who have pulled over to the side of the road. The robbers carry guns and have been known to shoot.

Over the past week, one victim threw his car into reverse to make his escape, speeding away under a hail of bullets. Another man was chased for a half hour before the highwaymen finally gave up.

"The problem is that we're faced with hundreds of thousands of tourists and we have eight, nine or ten

people to find in that mass," said Lieutenant Colonel Michel De-Cet of the gendarmerie in Montpellier. "We're working day and night. But they," he added, referring to the bandits, "can sleep during the day."

The south of France suffered from similar incidents last summer, when about 40 tourist robberies took place between June and September, a dozen of them happening on a single night.

A police spokesman said that in the departments of the Vaucluse, Gard and Hérault, there had been 16 robberies or attempted robberies of foreign tourists in their cars since the beginning of the month.

The spokesman, who emphasized that the figure was tentative, said that these included not only the road pirates, but also robberies in parking lots and on town streets. But in this summer's incidents, unlike

last year's, the robbers have actually fired their guns. Police officials said that despite the attention the robberies have received here — one newspaper referred to the bandits as the "Dalton gang of the Midi" — the risk to tourists was not great and that there have been no serious injuries.

Their comments reflected official worries that stories about road pirates, shootings and high-speed chases will hurt tourism in one of the most beautiful parts of France.

Colonel De-Cet said that people rarely resisted the robbers, since they were so taken by surprise, and that this reduced the risk of injuries.

A high police official in Avignon added: "The Vaucluse is a long way from becoming a region of outlaws."

Some police sources have said that the bands who were behind last year's robberies may be behind this year's as well. But Major Claude Lecavelier of the gendarmerie in Gard questioned this conclusion, saying that information on the robbers is in short supply.

Colonel De-Cet said that he thought the bandits were a different group from last year's. "It's the phenomenon of mimicry," he said. "The press reports a tourist robbery and weak guys or guys with little heads think, 'What a good idea!'"

"They pick on people with foreign plates," he said, "because they think they'll find more cash on them, and radios and cameras. The French, on the other hand, can carry their checkbooks."

Five incidents over the last week involved Belgians, West Germans, Swiss and a British lawyer.

Pravda Says Bonn Is Using Détente To Undercut East German System

Reuters

MOSCOW — The Soviet Union expressed disapproval of closer relations between East and West Germany on Friday, in a commentary that diplomats interpreted as evidence of a political rift between Moscow and East Berlin.

The Communist Party newspaper Pravda charged that Bonn was using political and economic links to undermine East Germany's sovereignty and its communist system.

It also warned that contacts between the two states could not be divorced from East-West relations. The article was written as an attack on West Germany, but Western diplomats said it was clearly addressed to East Germany. It expressed Soviet opposition to East Berlin's policy of continuing détente with Bonn.

"Relations between the two German states cannot be viewed separately from the whole international situation," Pravda declared.

A diplomat said that the Russians "have been giving ambiguous hints for some time that they do not approve of what the East Germans are doing. Now they have pretty well come out in the open with what is a clear warning to go carefully."

"If things have gone this far," the diplomat continued, "it must mean that there is a very serious rift between the East Germans and Russians on this issue."

Diplomats said the Pravda article appeared intended primarily as a warning to the East German leader, Erich Honecker, that he should not use a planned visit to West Germany in September to further improve relations with Bonn.

But they said that its appearance two days after West Germany announced a 950 million Deutsche mark (\$330 million) credit for East Berlin meant the article was also intended to show disapproval of the growing economic links between the two states.

Bonn View of Attack

William Drazdick of The Washington Post reported from Bonn: Chancellor Helmut Kohl's government sees the escalation of Soviet attacks that accuse West Germany of having militarist and expansionist designs on Eastern Europe primarily as a campaign to underpin unity within the East bloc by emphasizing the dangers of German reunification.

Moscow's strident warnings about alleged West German "re-

vanchism," or attempts to regain territory lost in the war, have been repeated most vociferously in Poland and Czechoslovakia. Both countries have expressed anxiety that East Germany may be moving too far and too fast in its rapprochement with the Bonn government.

Even though the Pravda commentary was couched as an attack on West Germany, diplomats detected a clear disapproval of East Germany's efforts to bolster détente between the two German states at a time of continuing East-West tension.

The Kremlin leadership is averse to thoughts of German reunification. Yet most West German officials agree that Mr. Honecker would never undertake bold initiatives with Bonn unless he was confident of Moscow's support.

USS Iowa Joining Exercises

WASHINGTON — The USS Iowa will be deployed soon to the coast of Central America to help maintain pressure on Nicaragua, U.S. officials said Thursday.



GUARD DUTY — A U.S. Marine standing guard at the American Embassy in West Beirut. The netting is designed to stop rocket-launched grenades from exploding inside the embassy. Most of the mission is moving to Christian-controlled East Beirut for better security.

U.S. Officials Deny Change Toward Syria

Reuters

WASHINGTON — American praise for Syria this week does not signify a breakthrough in U.S. relations with the country, which President Ronald Reagan has accused of terrorism and troublemaking, officials say.

The favorable comments were merely in recognition of Syria's recent restrained behavior in Lebanon and did not deal with a broader Middle East scenario, according to State Department officials.

"There is some significance in the recent conduct of Lebanon," an official said. But he added: "We have trouble in the wider area. We just don't know what they are doing."

Congressmen reacted with surprise when Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian Affairs, told a House of Representatives committee on Wednesday that "Syria has been one of the helpful players" in recent Lebanese reconciliation efforts.

The State Department spokesman, Alan D. Romberg, made a similar comment at a briefing on Thursday.

Mr. Romberg said there had been encouraging developments in Lebanon in recent weeks, citing a recognition by various factions of the need to re-establish law and order in Beirut.

"Syria too, in recent weeks, has begun to play a more helpful role in the security situation in the Beirut area and assisting the process of reconciliation in contrast to its actions in the past," he said.

Mr. Murphy said the United States remained concerned about Soviet ties to Syria.

But his testimony was in striking contrast to administration condemnation of Syria earlier this year.

The United States had called Syria the "stumbling block" to peace in Lebanon and said it was partly responsible for the Beirut suicide bombing that killed 241 U.S. servicemen last October.

Games Open; Security Tight

(Continued from Page 1)

provided round-the-clock protection, including armed escorts.

At a news conference Tuesday, Richard T. Bretzinger, who is in charge of the local office of the Federal Bureau of Investigation, said the FBI, in conjunction with "the world intelligence community," had not received any "hard evidence" of a terrorist threat.

A centerpiece of the Olympic security system is an identity card issued to every accredited athlete, coach, journalist and Olympic official, a total of more than 20,000 people. Each bears a photograph of the person and is encoded magnetically with information to confirm the identity of the bearer.

Mr. Bretzinger said that the Los Angeles police chief, said their agencies had been training together and would cooperate closely. Mr. Gates said his department intended to "handle everything we can handle" and only call in the FBI if needed.

Libyan Participation

Libya's national news agency said on Friday that Libya was withdrawing its six-man team from the Los Angeles Olympics, a day after Libyan journalists were denied entry to the United States. The Associated Press reported from Tripoli.

But Libya's national Olympic committee chief denied later that his country's six-man team had pulled out of the games. Reuters reported from Los Angeles. "We are trying to solve this problem," said Bashir Attar-Buiss, president of the Libyan Olympic Committee.

A report by the official Libyan news agency JANA, quoted by The AP, said: "The Socialist People's Libyan Arab Jamahiriya has decided to withdraw from the Los Angeles Olympic Games."

The AP quoted International Olympic Committee sources as saying that two of the three Libyans who were denied journalistic credentials to the games were on a list of known terrorists.

In another development, the U.S. Coast Guard barred two Soviet freighters from ports in Los Angeles and in nearby Long Beach until after the opening of the Olympics, The AP reported.

The ships will be kept at sea for at least the first four days of the games, a Coast Guard spokesman said Wednesday. He said the request to put into port had been denied because of the Olympics and because President Ronald Reagan was scheduled to speak at the Olympic opening ceremonies Saturday.

Mr. Romberg said Thursday that he hoped there would be an agreement that the talks, which the Soviet Union has proposed for September, include a discussion of nuclear missiles as well as anti-satellite and other space arms.

Earlier in the day, Secretary of State George P. Shultz sought to reassure about 40 senators that the administration was proceeding vigorously to prepare for the Vienna talks, according to several lawmakers who attended the session.

"There seems to be a very constructive position being taken by the administration moving toward these talks," said Charles H. Percy, the Illinois Republican who is chairman of the Senate Foreign Relations Committee, after the meeting. "I think the chances are better than ever that we can move toward these talks unless something happens to derail them."

Mr. Weinberger, indicating that

Unorthodox Adoptions on Increase

(Continued from Page 1)

according to Dr. William Pierce, president of the National Committee for Adoption. He said, "there is a consensus that there are almost two million couples who would like to adopt. For every baby, there are about 40 couples."

But those who have adopted independently say that babies can be found. "Babies are not scarce; that is a myth," said Aaron Britvan, a New York lawyer who says he handles 50 to 75 independent adoptions each year.

Couples are increasingly looking to other countries for babies, primarily South Korea and Colombia because of the availability of orphans. According to the U.S. State Department, there were 7,350 foreign adoptions last year, or nearly double the number 10 years ago.

Couples wishing to adopt children from other countries either go through an international adoption agency or the independent route, according to the State Department.

Monica Gaw, an adoption expert in the State Department's Bureau of Consular Affairs, said that reasonable costs in foreign adoptions varied. They range from \$500 to \$3,000 in some Latin American countries, and average out to about \$1,000 in countries in the Far East.

Ten years ago, about 70 percent of adoptions in the United States were handled through agencies, while 30 percent were done independently, according to Dr. Pierce. The two approaches are now about evenly split.

Some experts say that the potential for problems is enormous when prospective parents try to adopt without an agency.

Some experts complain that lawyers handling adoptions sometimes charge unnecessarily high fees and accept a portion of the payment under the table to avoid state laws. Opponents of independent adoptions also contend that pregnant women are not properly counseled about their rights and are heavily pressured.

Some experts say that many of these lawyers fail to screen adoptive couples adequately to determine their fitness as parents. Many also fail to provide the courts with enough information about the backgrounds of both the adoptive and natural parents, including complete medical histories.

Couples who have adopted babies independently and their lawyers dispute such allegations.

To them, agencies are stumbling blocks to adoptions. For one thing, the dearth of babies means that most applicants are rejected. Proponents of the independent method also contend that agencies are aloof to the needs of the natural mothers and callous to prospective parents.

Moreover, an agency may place a baby in foster care for several months while, in independent proceedings, the baby is generally placed immediately with the adoptive parents. Also, the independent route allows the natural and adoptive parents to meet each other.

Advertising is an increasingly popular method used by couples seeking babies. About half the states allow this method. People who favor advertising say that it is a safe alternative and that a lawyer makes sure the adoption is legal.

But agencies and other opponents say it puts a vulnerable young pregnant woman in touch with a sophisticated lawyer who is being paid to obtain a product.

In an effort to compete with the ads, some agencies are also using nontraditional methods to reach

women facing an unplanned pregnancy. Billboards, newspaper ads, radio and television commercials and even the tray liners at fast-food outlets are being used to publicize the availability of other children and to encourage women with an unplanned pregnancy to seek professional counseling.

One couple from Long Island, New York, said they advertised after 15 agencies told them they would have to wait at least five years before getting an infant.

They contacted a lawyer, who advised them to advertise. The couple placed ads in four newspapers in the state, and before long a pregnant woman called. The couple put the woman in touch with their lawyer, who handled the legal matters that led to a successful adoption.

The adoption cost about \$6,500, including about \$3,000 in legal fees, according to the husband.

Some couples pay large sums for babies on the black market. According to some adoption experts, the illegal market has grown because many couples today have waited until their middle to late 30s to attempt to have a child, only to learn that they cannot.

As a result, they are more desperate. Because the practice is illegal and highly profitable, it is difficult to gauge just how prevalent and expensive it is.

U.S. Senator Robert J. Dole, Republican of Kansas, has introduced legislation that would make it a federal crime to commit fraud in the operation of interstate and international adoption services. Brokers who commit fraud could be imprisoned for five years and fined up to \$10,000. Victims of fraud could sue for civil damages.

Scott Morgan, Mr. Dole's aide on the Senate Judiciary Committee, said that the legislation was proposed after the FBI uncovered an operation that reportedly charged up to 100 couples \$4,000 or more to adopt Mexican infants.

CHURCH SERVICES

FLORENCE
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WORLD BRIEFS

Lisbon Assembly Passes Security Bill

LISBON (Reuters) — Parliament approved a controversial internal security law Friday which the opposition had attacked as a return to an era of repression.

Although many government deputies also expressed misgivings, Prime Minister Mario Soares's year-old coalition of Socialists and Social Democrats, with a two-thirds majority, won 138-79 with two abstentions.

The bill provides for searches without warrant, telephone taps and preventive detention. Mr. Soares said such measures were essential to defend the state against terrorism. Rui Machete, the minister of justice, has conceded that some amendments will be needed following the vote on the general provisions.

Panel Said to Vote Afghan Rebel Aid

WASHINGTON (Reuters) — The House of Representatives Appropriations Committee has approved \$50 million for covert aid this year to Afghan rebels and the Senate is likely to do the same, congressional sources reported.

The sources said the money was secretly added Thursday when the committee approved a \$5.4-billion supplementary spending bill. The sources added that the funding was proposed by Representative Charles Wilson, a conservative Texas Democrat, but was approved on a voice vote with liberals also supporting the recommendation.

Senator Daniel Patrick Moynihan, Democrat of New York and vice chairman of the Senate Intelligence Committee, predicted Friday that the upper house would also approve covert aid for the Afghan rebels. He said he could not discuss the nature of U.S. assistance in any detail. He would only say: "We avow our support for the Afghan resistance against the Soviet invasion."

U.K., China Problems on Hong Kong

BEIJING (AP) — Britain's foreign secretary, Sir Geoffrey Howe, arrived Friday to speed talks on Hong Kong's future. A spokesman for the British Embassy said negotiators faced intractable problems and that failure of the talks was conceivable.

The spokesman did not itemize the problems. Until now both sides have been loath to discuss areas of disagreement, although China has publicly rebuffed British plans to introduce indirectly elected officials. The Chinese have said they want an agreement on Hong Kong's reversion to China completed by sometime in September.

Manila Withdraws Secret Marshals

MANILA (WP) — Manila's controversial secret marshals have been withdrawn, the capital's metropolitan police chief, Major General Prospero Olivas, announced Friday.

General Olivas said there was no more need for the secret marshals, fielded to combat a rising crime wave, because peace and order in the city had improved.

The police death squads, which had orders to shoot to kill criminal suspects in Manila streets and public vehicles, had killed 27 people since they were fielded last month, it was announced. But they were heavily criticized, notably by the Roman Catholic Church.

Israeli Parties Step Up Coalition Talks

TEL AVIV (AP) — Prime Minister Yitzhak Shamir's Likud bloc and the opposition Labor Party of Shimon Peres have stepped up talks with potential coalition partners in an attempt to form a new government as soon as possible.

The Israeli Radio said that Ariel Sharon, a former defense minister, met his predecessor, Ezer Weizman, Friday to persuade Mr. Weizman and his Yehud Party with three members in parliament to rejoin the Likud, which he left in 1981.

But the Jerusalem Post reported that Mr. Weizman, who has the reputation of being a "dove," was also talking to Labor leaders. The daily newspaper said he had given Labor a 48-hour deadline Thursday night to accept his demand for the post of foreign minister. Labor has already promised the post to Yitzhak Navon, former president of Israel.

U.S. Navy Finds Flaw in New Plane

WASHINGTON (AP) — The U.S. Navy has announced that it is restricting the maneuvers of its new \$25-million F18 fighter-bombers and grounded 10 of the planes because cracks have been found in their tail assemblies.

Defense Secretary Caspar W. Weinberger said Thursday that because the planes are under warranty, the department would sue, if necessary, to oblige the company responsible for the problem to repair the planes. McDonnell Douglas assembled the plane and Northrop Corp. supplies some components.

A navy spokesman estimated that the repairs will cost several thousand dollars for each of the 148 planes that the navy has accepted. The flaw which caused unexpected metal fatigue in a tail section, was discovered during flight training before the first high-performance planes were due to deploy to aircraft carriers in September.

De Lorean Judge Assails Prosecutors

LOS ANGELES (AP) — The federal district judge in John Z. De Lorean's cocaine conspiracy trial has rebuked the U.S. government for hiding important evidence he likened to "a smoking gun."

Judge Robert Takasugi, in his harshest comments of the former automaker's trial, said Thursday that a document belatedly disclosed by prosecutors last week exposes their chief witness, James Timothy Hoffman, as "a gun for hire." The prosecutors have attempted to depict Mr. Hoffman as a repentant criminal who worked for the government out of conscience.

But Judge Takasugi, speaking outside the jury's presence, noted that the newly disclosed evidence — a secret government teletype — shows that Mr. Hoffman demanded "a percentage of the take" in the De Lorean case, which he thought could net him millions of dollars. Mr. De Lorean is charged with conspiracy to distribute \$24 million worth of cocaine in a plan to save his ailing car company in Northern Ireland.

For the Record

Cheering Nicaraguans greeted a Norwegian "peace ship" on Thursday which was carrying supplies worth \$2.5 million and four Nobel Prize winners who attacked President Ronald Reagan's covert war against the Sandinist government. (UPI)

The St. Vincent and the Grenadines New Democratic Party of James Mitchell won a convincing victory over Milton Cato's ruling Labor Party in a general election on Thursday. (Reuters)

The president of Amtrak said Thursday that an error by a signal operator was the likely cause of Monday's train crash in Queens, New York, in which one person died. A federal official said preliminary tests showed that the operator had recently taken marijuana and cocaine, but added that he doubted that drug use had been a factor in the collision. (NYT)

Talks on Space Weaponry 'Impossible,' Soviet Says

(Continued from Page 1)

on limiting the discussions to the subject of space weapons.

Mr. Weinberger said Thursday that he hoped there would be an agreement that the talks, which the Soviet Union has proposed for September, include a discussion of nuclear missiles as well as anti-satellite and other space arms.

Earlier in the day, Secretary of State George P. Shultz sought to reassure about 40 senators that the administration was proceeding vigorously to prepare for the Vienna talks, according to several lawmakers who attended the session.

"There seems to be a very constructive position being taken by the administration moving toward these talks," said Charles H. Percy, the Illinois Republican who is chairman of the Senate Foreign Relations Committee, after the meeting. "I think the chances are better than ever that we can move toward these talks unless something happens to derail them."

Mr. Weinberger, indicating that

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AMERICAN TOPICS

For Students, Now It's Amo, Amas, Amat

Brushed aside as irrelevant to the 1970s, Latin and the classics are making a comeback among students.

For the first time in more than 20 years, enrollment in high school Latin classes is growing steadily. Universities are reporting a doubling and tripling of the number of students in classics classes, and students are jamming mythology courses.

Educators cite various reasons for the resurgence. In reaction to declining student test scores in the 1970s, there is a nationwide move back to educational basics. They also say there is a new appreciation of Latin as a foundation for language skills.

In addition, such films as "Star Wars" and "Close Encounters of the Third Kind" have renewed interest in fantasy and in epic struggles between traditional heroes and antagonists.

The American Classical League has reported a fivefold increase in students taking the National Latin Exam since 1978. And in Philadelphia, for example, 16,000 elementary school students now spend 20 minutes a day on Latin drills.

The Grass Is Greener Outside of Texas

In Corpus Christi and other southern Texas cities, it's easy to spot the homes of the affluent: They are the ones with green lawns.

Like other cities whose water supplies are drying up from a two-year drought, Corpus Christi has imposed tough new restrictions on water use.

The city now bans the use of municipal water for lawns.

"Some people are spending a couple hundred dollars a week to keep their lawns alive," said the owner of one of about 100 lawn care companies selling recycled waste water to the city.

The Texas drought, which threatens to be the worst since the 1950s, has cost the state's farmers and ranchers \$1 billion in losses.

San Antonio has asked residents to stop watering their lawns and watering their lawns. Austin allows lawn and garden sprinkling only late at night or early in the morning. Car washing is restricted to odd hours, too, and police are ticketing water cheaters.

Miami Beach Ends Its Police Video Vigil

Although purse snatchings fell 12 percent to 14 percent after television cameras were installed along major thoroughfares in Miami Beach, the costs far outweighed the benefits.

So the Florida city has dropped an experiment in video street surveillance after spending almost \$300,000 over three years.

A U.S. government grant underwrote the city's installation of TV cameras, but questions about invasion of privacy dogged the video vigil for more than a year.

Once the cameras started rolling, there were repeated maintenance problems. Strong winds would blow the cameras out of alignment.

Police then had trouble explaining why officers were watching TV monitors rather than patrolling the streets, so the officers were replaced with civilian volunteers.

But when volunteer interest declined, the few monitors that worked went unwatched.

Short Takes

The U.S. share of the world tourism market has declined from 13 percent in 1978 to its current 10.7 percent. In response, the U.S. Travel and Tourism Administration has commissioned an advertising campaign that will be tested this year in West Germany, considered the best market for tourists to the United States.

Other target countries are Britain, France, Canada, Mexico, Japan, Australia, Italy and the Netherlands.

The London company Fortnum & Mason has concocted a new tea blend to be brewed with New York City's tap water. Working with bottles of city water flown from New York to London, the company has come up with a mixture of three Ceylon teas called New York Blend Tea.

Six young peregrine falcons are being raised so that they can patrol Boston's harbor and skyscraper alleys in search of pigeons and other prey. Captive breeding programs have successfully reintroduced the birds into Baltimore, New York City and Washington.

Skyscrapers make an ideal environment, because the falcons have no natural predators in the city.

House Approves School-Prayer Measure

WASHINGTON — The House, engaging in political maneuvering, has voted to allow moments of individual silent prayer in public schools after narrowly defeating a stronger Republican-sponsored proposal to allow spoken prayer.

Conservative Republicans unexpectedly brought up the issue Thursday during routine debate on a \$1.32-billion education measure. Led by its Democratic majority, the House first rejected, 215-194, a proposal to cut off federal funds to any state or school district that prohibited voluntary spoken prayer.

Then, in back-to-back votes of 378-29 and 356-50, the House agreed to prohibit a state or school district from denying "individuals in public schools the opportunity to participate in moments of silent prayer."

The education bill was approved 307-85 with the prayer amendment attached, and now goes to the Senate.

Legislators on both sides of the issue said the amendment was little more than an expression of the status quo. But it was the opening salvo in an election-year battle over

which party can claim to represent the values of "family, God and patriotism," as one House Democrat put it.

House Republicans acknowledged that the school-prayer issue was raised Thursday as part of a strategy worked out with the White House with an eye toward Election Day. School prayer was one of the six measures that President Ronald Reagan, in his news conference Tuesday night, accused the House of bottling up.

House Republicans said they expect to push for debate and votes on the other issues, including tuition tax credits and a constitutional amendment for a balanced budget, whenever an opportunity comes up.

"We think it's important to get these people on the record," said Representative Trent Lott of Mississippi, the Republican whip. "We're trying to show that what the Democrats said in San Francisco and how they vote are two different things."

However, the Democrats made sure to have a roll-call vote on the silent prayer amendments so that Democratic incumbents would be

able to show that they had voted for school prayer.

The vote came one day after Congress gave final approval to a bill allowing students to hold religious meetings in public high schools outside regular school hours.

In other congressional voting Thursday, the Senate voted, 89-0, to make any parent or doctor's decision to withhold treatment or nourishment from a severely malformed infant with a chance for life a form of child abuse subject to state legal action.

The House approved similar legislation in February by a vote of 396-4.

Nationwide debate has followed the 1982 death of a deformed infant known as "Baby Doe" in a Bloomington, Indiana, hospital. The infant died six days after birth when its parents and doctors decided to withhold treatment and nourishment.

The Senate voted 87-3 to guarantee a cost-of-living increase for Social Security recipients next January even if the rate of inflation is too low to trigger the benefits increase.

[Jim Wright of Texas, leader of the majority Democrats in the House, said Friday he expects the House to approve the legislation as well, perhaps as early as Tuesday.]

Under current law, there will be no cost-of-living increase in Social Security benefits if inflation, as measured by the Consumer Price Index, falls below 3 percent between the third quarter of 1983 and the third quarter of 1984. The White House has said that this is possible.

The measure passed by the Senate guarantees that Social Security benefits will rise with inflation even if the 3 percent trigger is not hit.

The House Appropriations Committee voted along party lines to deny President Reagan's request for \$116 million in additional military aid to El Salvador this year.

The Democratic-controlled House committee denied the request in marking up a \$5.3-billion fiscal 1984 supplemental funding bill.

The committee chopped \$713 million from the administration's request of \$944 million for economic and military aid, most of it targeted for Central America.

Bill Seen by Conservatives as Opening Schools to Prayer May Assist Radicals

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — A measure that has cleared Congress and has been hailed by President Ronald Reagan and other conservatives as a way of putting prayer back in public schools may turn out to be a classic case of unintended consequences. It is also likely to provoke years of political debate and finger-pointing about its meaning and its constitutionality.

The legislation, which cleared Congress Wednesday, has been advertised as giving student groups that want to hold religious meetings access to school buildings that is equal to that of other groups, such as drama clubs, bands and photography groups.

But as written, legislators and others say, the "equal access" provision could create pressure for the nation's high schools to open their buildings to student groups associated not only with mainstream religions but also with controversial cults and political causes.

"People should understand what this means," said Representative Barney Frank, a Massachusetts Democrat. "It means the young Trotskyites can meet; it means the gay rights activists can meet."

This prospect, while pleasing to some civil libertarians, was not exactly what Mr. Reagan and other advocates of school prayer had in mind. But to get their proposal through Congress, conservatives had to accept amendments lump-

NEWS ANALYSIS

ing religious observance with "political, philosophical or other" forms of speech and protecting them all alike.

If he signs the bill, as seems likely, Mr. Reagan, who has long been a champion of community control of schools, may be opening the way for federal court suits by students claiming all manner of "free speech" rights against local school administrators.

Because of the inevitable constitutional challenges, it also remains to be seen whether the legislation will accomplish its central purpose of allowing student groups to conduct prayer sessions before or after regular hours of instruction.

Four U.S. appeals courts and state appellate courts in New York and California have barred various types of religious activities by student groups in public schools, citing the First Amendment's prohibition of "establishment of religion."

But the law in this area is still unsettled. Constitutional experts disagree on whether the Supreme Court would uphold genuinely student-initiated religious activities in schools of the kind that Congress approved on Wednesday.

In any event, the new legislation is vague enough to keep school administrators and courts busy for years trying to interpret it. It provides that public secondary schools that allow extracurricular activities of any kind before or after the day's "instructional" periods may not "deny equal access to or a fair opportunity to, or discriminate against" any student groups "on the basis of the religious, political, philosophical, or other content of the speech at such meetings."

The bill also contains several safeguards designed to prevent school officials from using it as a pretext for promoting particular prayer groups and to limit proselytizing in schools by outsiders.

By adding to what was already a murky legal situation, the new legislation will present school administrators some difficult choices.

If they prohibit prayer or other "free speech" groups from meeting on their favor popular groups over controversial or fringe groups, they may be sued for denying the "equal access" that the new legislation requires. If they allow religious groups to meet, on the other hand, they may be sued for unconstitutional establishment of religion.

Reagan Cuts Prison Term, Draws Fire

By Howard Kurtz and David Hoffman
Washington Post Service

WASHINGTON — President Reagan has stirred a political controversy in Louisiana by commuting the 18-year jail sentence of a former state official convicted of extortion and racketeering. A former aide to the president, Lyn Nofziger, had argued for clemency on behalf of the official.

The commutation was granted June 22 to Gilbert L. Dozier, a former Louisiana agriculture commissioner who was convicted in 1980 of demanding \$329,000 in campaign contributions from farmers and industry officials in exchange for permits issued by his department. Mr. Dozier, a Democrat, was elected to the agriculture post.

Prosecutors said the shakedown involved licenses and regulatory approvals for milk cooperatives, cattle auctioneers, pesticide makers and others. They said there was evidence that four persons had given \$21,000 to Mr. Dozier and that some large companies had been asked for as much as \$50,000 to \$100,000.

After Mr. Dozier was convicted, a federal judge increased the sentence when prosecutors charged that the official had tried to bribe a juror in an effort to win a new trial. Prosecutors also introduced testimony that Mr. Dozier had inquired about contracting to kill an unnamed person in the case.

Mr. Nofziger and two of Mr. Dozier's lawyers met with D. Lowell Jensen, an associate attorney general, and other Justice Department officials in November to press for clemency. Several Reagan administration officials and private attorneys said that Mr. Nofziger was representing Mr. Dozier in the case and that they believed he had been paid for his efforts.

Mr. Reagan's decision followed the recommendation of the Justice Department, which said Mr. Dozier's sentence was much longer than those imposed in similar cases. The commutation cut the sentence to six years. That made Mr. Dozier, who has served 25 months in prison, eligible for parole.

Representative W. Hensoo Moore, Republican of Louisiana, said that "90 percent of my constituents" believe political influence was involved. "That someone got to the president of the United States and he let Dozier out. It's hurt the president in Louisiana."

Mr. Nofziger, a longtime Reagan confidant who runs a public-relations firm, declined Thursday to answer questions about the case.

It was the 10th commutation granted by Mr. Reagan out of 588 requests.

A Justice Department spokesman said the Dozier case had been handled routinely and that the commutation was recommended in March by staff lawyers and approved by Mr. Jensen.

The judge who sentenced Mr. Dozier had written to the Justice Department to oppose the commutation.

"Any reduction of sentences," Judge Frank J. Polozola of the U.S. District Court wrote, "would seriously interfere with the administration of justice and the protection of our jury system and would, in my opinion, lessen the confidence the public has in our criminal justice system."



SCOUTING THE OTHER TEAM — President Ronald Reagan wears a baseball cap presented to him before a dinner at St. Ann's Roman Catholic Church in Hoboken, New Jersey. He has been campaigning to urge conservative Democrats to abandon their party and instead vote for him.

Castro Would Welcome Less Tension With U.S.

By Joseph B. Treaster
New York Times Service

CIENFUEGOS, Cuba — President Fidel Castro has said that he would welcome any steps to lessen bitter tensions between the United States and Cuba.

In a speech Thursday night marking the 31st anniversary of the Cuban revolution, Mr. Castro praised the Reverend Jesse L. Jackson as a man of peace and, in a conciliatory gesture, said that he would seriously consider "any efforts at decreasing tensions in our area and in the rest of the world, any efforts aimed at decreasing the dangers of the madness of war."

He noted Thursday that the socialist system in his country and the capitalist system in the United States were "totally different," but he suggested that "peaceful coexistence" was possible.

Mr. Castro said that partly as a result of the Reverend Jackson's visit to Cuba late last month, the United States and Cuba had held talks in New York earlier this month on "matters relating to immigration and other topics around this issue that are of interest to both countries."

Before the speech, Western diplomats said that the Cuban government felt it had been sending signals in recent months that it was interested in improving relations with the United States. U.S. officials have said that the signals have been unclear and at times appeared contradictory.

Mr. Castro's speech Thursday appeared to be a clear signal.

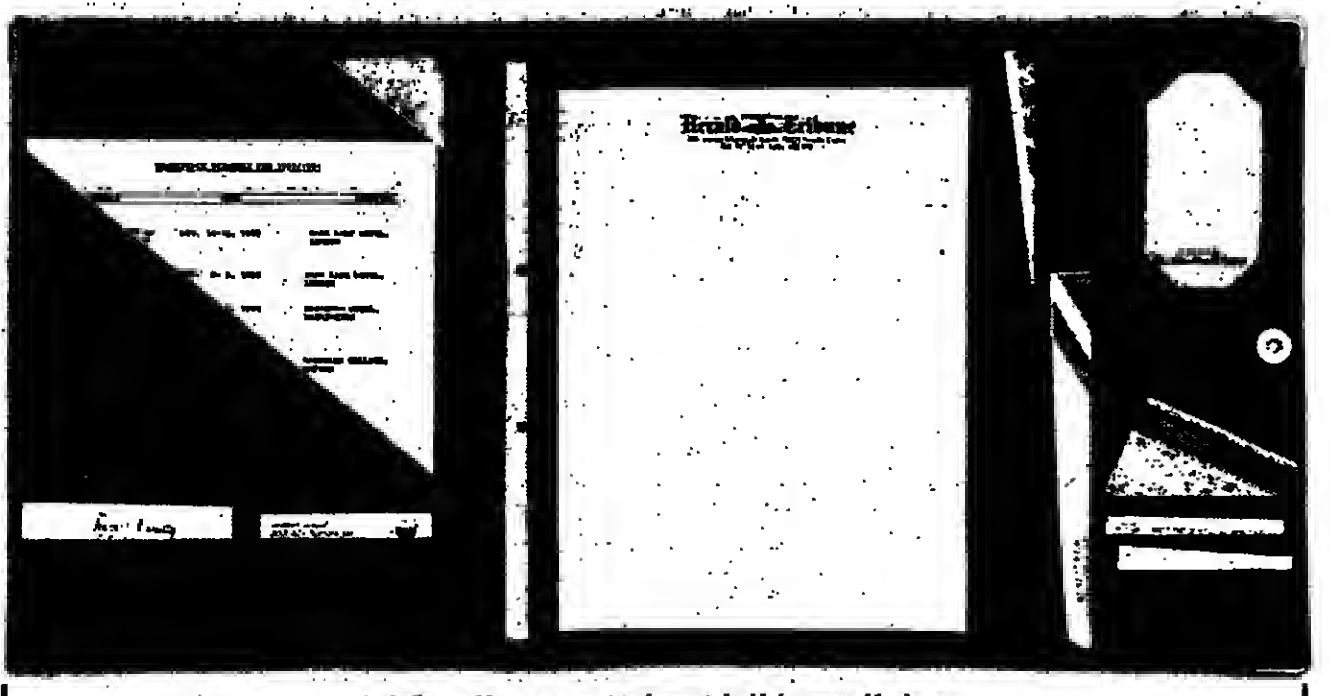
The Cuban leader said that he was not prepared to diminish Cuba's relationship with the Soviet Union, a move which the United States has said would be important if normal diplomatic relations with Cuba were to be resumed. Formal U.S. diplomatic relations with Cuba were broken in early 1961.

Mr. Castro referred to the possibility of a "political solution" in Central America.

As evidence of his desire to lessen tensions, he said he was "even willing to cooperate" in seeking a political, rather than a military, solution to the issue of independence for South-West Africa, also known as Namibia. In the past, South Africa has said that it would not consider independence for Namibia until Cuba removed its more than 30,000 troops from Angola.

Independent analysts have said that Cuba's economy is in serious trouble. They point out that it was forced to reschedule part of its \$3.5-billion debt to Western banks this year because it could not make scheduled payments, and they say Cuba also owes \$9 billion to the Eastern bloc countries, mainly the Soviet Union.

One of the primary objectives of improving relations with the United States would be to get the United States to end its economic blockade of the island.



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In Peru, a Growing Sense of a Long Guerrilla War

By Jackson Diehl
Washington Post Staff Writer

AYACUCHO, Peru — A pair of assault helicopters cut through the violet glow backlighting the mountain slopes over this whitewashed town. A convoy of armored cars, bristling with the weapons of soldiers on alert, slowly rolled toward the central plaza. It was just another Friday twilight after four years of guerrilla war in Peru's Andean mountain range.

Amid rapidly escalating casualties in the last year, the Sendero Luminoso, or Shining Path, movement and the Peruvian Army and police have settled into a seeming routine of bloody, ruthless conflict in the mountain provinces.

Since 1980, when the insurgents first announced their plans for rev-

olution in Peru by hanging dead dogs from Ayacucho's lampposts, more than 5,000 people have been killed in violence that has spread from the southern mountains to the populous coast and northeast into the jungle frontier.

In the first six months of this year, 325 people, including 221 uninvolved civilians, have been killed. A state of emergency is in effect nationwide, and the department of Ayacucho, where Shining Path is based, has operated under a de facto state of martial law for almost 19 months.

The government of President Fernando Belaunde Terry has slowly escalated its commitment of men and arms, and police have gradually been turning over the fighting to a reportedly reluctant

army. Huge development programs to pacify the impoverished mountain area have been demanded, and promised, every year.

Yet the sense is growing here and in the political circles of Lima that the guerrilla violence, virtually unknown in Peru until Shining Path's appearance, may drag on indefinitely.

"People here have always talked about the Argentine guerrillas and the Uruguayan guerrillas, as if this were a problem that would reach a certain peak and then be wiped out by military repression," said Julio Schiappa, a press spokesman and political organizer for the Marxist municipal government of Lima.

"But maybe the model we should be thinking about is Colombia—a long rural insurgency that goes on

and on without end, so that it is finally institutionalized, and the country just learns to live with it."

The pessimism in and out of the government has been heightened in the last month by a new rebel offensive.

Since June 21, a coordinated series of bombings, assassinations and attacks on rural towns and police stations has taken the lives of at least 30 policemen and soldiers and 65 civilians, according to official figures.

The burst of violence has led many Peruvian leaders to conclude that Shining Path has successfully expanded its activity from the mountain range around Ayacucho to other regions of the country, while preserving both its top lead-



RUMASA OFFICIAL FREED — José María Ruiz Mateos, former head of Spain's Rumasa corporation, left a Frankfurt prison on Friday, accompanied by his wife, Teresa, after friends raised \$3.5 million in bail. He is sought by the Spanish authorities, who expropriated Rumasa in 1983 on the ground that the action was needed to save the conglomerate from imminent bankruptcy. He has requested asylum in West Germany.

James Mason, 75, British Film Actor, Dies in Switzerland of Heart Attack

Reuter
COURSEAUX, Switzerland — James Mason, 75, the British film star, died Friday in a hospital in Courseaux.

A family friend said that Mr. Mason had been taken to the hospital during the night after having a heart attack. Mr. Mason had lived in Switzerland for 22 years.

His screen career began in 1935 in low-budget films, but Mr. Mason eventually became Britain's leading star after playing a sadistic marquis in the 1943 film "The Man in Grey."

Mr. Mason won international acclaim as the brutal guardian of a young pianist in "The Seventh Veil" in 1945 and as a highwayman in "The Wicked Lady" the following year.

Mr. Mason left Britain in 1947 for Hollywood, where his notable roles in more than 30 films included Rommel in "The Desert Rats" and Brutus in "Julius Caesar," both made in 1953.

He co-starred with Judy Garland in "A Star Is Born" in 1954 and played Humbert Humbert in the 1962 film version of Vladimir Nabokov's novel "Invitation to a Beheading."

But Mr. Mason never quite achieved the success he had sought, and some of his films were of dubious quality.

"I wanted to become an international leading man with a position

such as Cary Grant, Humphrey Bogart or Clark Gable," he once said. The highest mistake of his career, he said, was to abandon the image of seducer or sadist, which had made him a box-office draw in Britain.

"I should have stuck to the screen person I had established," he said.

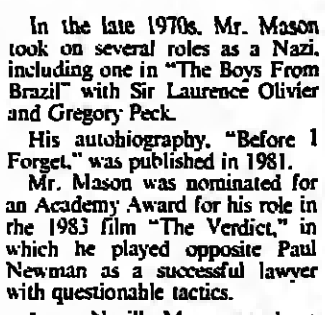
Nonetheless, Mr. Mason had a powerful screen presence, especially for women.

In 1949, when he played a good guy in "Caught," The London Daily Mail wrote: "It will be particularly depressing to women who have come to regard an annual vicarious beating from Mr. Mason as essential to a full and happy life."

But if he could never quite be mentioned in the same breath as the leading men of the day, he had a long and successful career that drew admiration from fellow actors at the top of their profession.

From his starring role as an Irish gunman in "Odd Man Out" in 1946, which was regarded by some critics as his greatest performance, to his study of the petiolite Humbert Humbert in "Invitation to a Beheading," he always displayed a mastery of cinematic technique.

The famous Mason voice was used to great effect in recent years as a narrator for television, notably the 13-part British series "Hollywood" on the history of silent cinema.



James Mason

In the late 1970s, Mr. Mason took on several roles as a Nazi, including one in "The Boys From Brazil" with Sir Laurence Olivier and Gregory Peck.

His autobiography, "Before I Forget," was published in 1981.

Mr. Mason was nominated for an Academy Award for his role in the 1983 film "The Verdict," in which he played opposite Paul Newman as a successful lawyer with questionable tactics.

James Neville Mason was born in the northern English town of Huddersfield on May 15, 1909, the third son of a wealthy cloth merchant.

After an education at Cambridge University, he abandoned architecture to go on the stage, where his first acting role was as Rasputin in 1931.

He is survived by a son and daughter from his first marriage to Pamela Kellino, which was dissolved in 1964. He married his second wife, Clarissa, in 1970.

Other deaths:

The Reverend John Crocker Sr., 84, headmaster for 25 years of the boys' preparatory school Groton in Massachusetts, Saturday, at his home in North Haven, Maine.

Willie Mae Thornton, 57, the rhythm and blues singer known as Big Mama Thornton, whose "Hound Dog" inspired Elvis Pres-

ley and whose "Ball and Chain" was recorded by Janis Joplin, Wednesday, of a heart attack at a Los Angeles boarding house.

Donato Menicella, 88, governor of the Bank of Italy from 1948 to 1960, Monday.

Gail Kubik, 69, a composer who won the Academy Award in 1951 for his score for the feature cartoon "Gerald McBoing Boing," and who was awarded a Pulitzer Prize in 1952 for his "Symphony Concertante," July 20, of the blood disease kala-azar, in a hospital in Covina, California.

Bryan Hextall, 70, New York Rangers star from 1936 to 1948 and a member of the Hockey Hall of Fame, Tuesday, of a heart attack in his home in Portage La Prairie, Manitoba.

Peasant Poncho Banned

The military command in Ayacucho has banned daytime wear of the traditional peasant poncho, saying guerrillas were using the cloak to hide arms and explosives. The Associated Press reported Friday from Lima.

A communiqué said that anyone found wearing a poncho or a jacket between the hours of 6 A.M. and 7 P.M. would be arrested and considered a guerrilla suspect. The military made no mention of blankets that peasant women use to carry babies.

Flowers Planted on Hill of Garbage Symbolize Liverpool's Regeneration

By R.W. Apple Jr.
New York Times Service

LIVERPOOL, England — The most significant feature on the grounds of the International Garden Festival here — symbolically as well as topographically — is a hill that enables the visitor to gaze across the broad Mersey estuary toward the Cheshire plain and, far beyond, the hills of North Wales.

The 140-foot (42-meter) hill is the highest point in the 250-acre (100-hectare) site along the estuary, and it is covered with stands of oak and beech and with drifts of summer blossoms.

But the hill is made of garbage. More than a quarter of a million tons of refuse was dumped there, covered with clay and topsoil, then seeded and planted, as part of a project that has turned an urban wasteland — a scene of awful dereliction still evident elsewhere in this battered city — into a haven of light, with a river and an osprey lake, bushes and ponds, ducks and geese and flowers.

Conceived in the aftermath of riots three years ago, which were sparked by racial tensions, poor housing and unemployment in Liverpool, the festival grounds have been built in record time. When the workers moved in two years ago, the site consisted of a garbage dump, a silted-up dock and a decaying old terminal, close to the heart of the city. It was an unhappy symbol of the decline of the Liverpool docks, a major factor in the decline of Liverpool itself, which now has only 750,000 people, and the new Merseyside Development Corporation chose to transform it into a symbol of regeneration.

Three million tons of sand, dirt and rubble had to be moved, and the steel-lined concrete storage tanks had to be cut up with torches. Pipes were laid to draw off the methane gas generated by the fermenting garbage. The whole thing cost about \$40 million.

The organizers hope to attract three million visitors to the festival, which opened in early May and which runs through October 14, at a cost to the city of about \$10 million. The festival is a major effort to lure people back into the city, which has been losing population and tax revenues for years.

Although similar projects have been undertaken on the Continent, particularly in the Netherlands and West Germany, none has involved a site of this kind, so the Liverpool experiment will be closely watched by other cities searching desperately for means of renewal. Nevertheless, it has aroused considerable opposition in Liverpool.

The leftist city council would have preferred to see the money invested in public jobs and services, which it is trying to preserve in the face of demands from Prime Minister Margaret Thatcher's administration in London. One of the leading council members called the principal plan on the site — a long, silver, cigar-shaped structure — a white elephant that the city didn't want and had no intention of taking over as a sports center.

"What does it mean if you are unemployed?" asked Terence Field, the Labor member of Parliament for the Broadgreen area of Liverpool. "What does it mean if you are living in a hovel in an area of Liverpool that is not in one of the priority areas for new housing?"

Health, who is the principal author of the report.

Dr. Paffenbarger said two previous reports dealing with the health of these college men had linked lack of physical activity and cardiovascular disease. He said he believed the current report was the first epidemiological study linking physical fitness to longer life.

A parallel research report issued by doctors in Dallas also concluded from a study of the lives and habits of 6,000 men and women that the physically fit were less likely to develop hypertension.

Coincidentally, one of the Dallas researchers said that in December he had offered to give James Fixx a heart stress test, an examination that might, through detection of latent heart disease, have prevented the death of the prominent jogging enthusiast. However, Mr. Fixx, who was 52, refused, the researcher said. Mr. Fixx collapsed and died last week while jogging in Vermont.

U.S. Studies Show Moderate Exercise Prolongs Life and Prevents Diseases

By Richard D. Lyons
New York Times Service

NEW YORK — Medical researchers at Harvard and Stanford universities, who have studied the habits and health of 17,000 middle-aged and older men, have reported the first scientific evidence that even modest exercise helps prolong life.

The researchers, in issuing their findings Thursday, concluded that sedentary lifestyles, even among former athletes, lead to heart and lung diseases that shorten lives.

The scientists strongly urged that people undertake some form of regular exercise, even brisk walks four times a week, to help ward off cardiovascular and pulmonary disease.

"We have found a direct relationship between the level of physical activity and the length of life in the college men we have studied," said Dr. Ralph S. Paffenbarger, a visiting professor of epidemiology at the Harvard School of Public

The two studies were published in the current "Olympics" issue of the Journal of the American Medical Association, which is entirely devoted to physical fitness and sports medicine. The issue contains 25 articles and editorials dealing with numerous athletic problems. Among the accounts were the following:

- The University of Oregon Department of Medicine found that weight training over a four-month period, even by once-sedentary men and women, can lead to substantial reductions in fatty substances in the blood, such as cholesterol.
- The University of Maryland Exercise Science Laboratory found that weight lifters who take large doses of male sex hormones to increase performance may also increase cholesterol.
- The University of Alberta found that men who run 50 miles a month had lower levels of male sex hormones in their blood.

Computer Data Wiped Out at School in Japan

OSAKA, Japan — Thousands of research projects and programs for processing examination results have been erased from the computer at the Osaka Institute of Technology by someone who developed a program to do so, a university spokesman said Friday.

The spokesman said that an in-house investigation into the crime, which took place in March, failed to discover who was responsible.

University officials concluded that someone with access to data terminal equipment had developed a special program to wipe out the material.

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ARTS / LEISURE

Sotheby's, Christie's Rack Up \$1-Billion Sales Year

International Herald Tribune
LONDON — Prices for some works of art have never been so high or auction houses more discreet about their operations. Such is the message that comes across from the end-of-season reports issued by Christie's and Sotheby's this week.

SOUREN MELIKIAN

Their combined worldwide sales reached \$751.6 million, or almost \$1 billion. Sales were \$401 million for Sotheby's and \$350.6 million for Christie's (which does not include \$16.1 million worth of works directly negotiated). This represents a 47 percent increase over the previous season for Sotheby's and a 53 percent jump ahead for Christie's.

On the face of it, the two houses have every reason for congratulating themselves. In reality they are confronted with the worldwide problem of the dwindling reserve of art in private hands.

By definition, the only supply that does not dry up is that of contemporary art — produced by living artists. This, alas, is financially negligible: under \$10 million last season for Sotheby's.

Growing awareness of the dearth in art from the past during a period of economic recovery creates a fragile prosperity. It is fragile because an extraordinary price for an extraordinary piece is a one-shot victory. As category after category vanishes from the market, one can be assured that there will not be many more of these victories.

The list of records issued by Sotheby's reflects the nature of the problem.

The highest price ever paid for a work of art in the open market was recorded when an institution funded by the West German government paid \$8,140,000 for a 12th-century manuscript of the Gospels illuminated in the Abbey at Hildesheim for Henry the Lion.

The miniatures of the manuscript represent the high point of a 12th-century German school of book painting, the very existence of which has been demonstrated on the basis of this manuscript.

In broader terms, it is a major historical document relating to Germany and England, with the earliest representation — however stylized — purporting to be a portrait of Thomas Becket. It left the Germanic countries under unknown circumstances about the time of World War I and the sense of a historic opportunity not to be missed on any account weighed heavily on the Bonn government's decision to allow virtually unlimited funds.

That same sense of an opportunity unlikely to arise again played a crucial part in many other record prices this season. The sense was at its most acute when the work offered was a major achievement of the artist combined with an historic aura.

A typical case among objects d'art was the Shield of Achilles, a silver-gilt showpiece designed by the English neoclassical sculptor John Flaxman which came up at Sotheby's in London early in May.

It is the only fully documented piece of silver designed by Flaxman known to have been modeled by him. Some regard it as the greatest piece of neoclassical silver.

Four specimens were cast. The first appeared at the coronation banquet of George IV in 1821 and has graced the British royal collection since.

Livorno to Keep 'Modigliani' Find

The Associated Press
LIVORNO, Italy — A dispute between Livorno and Pisa, set off by two dredged-up sculptures believed to be early Amedeo Modigliani works, was resolved Friday. The sculptures will remain in Livorno's Villa Maria Museum.

The two stone heads were found Tuesday after eight days of dredging in Livorno's Royal Canal. Modigliani reportedly threw them away 75 years ago.

Most experts agree that the fine arts had claimed that care of the sculptures and determining their authenticity could only be done at Pisa.

Prince Enlivens 'Purple Rain'

CAPSULE comments on films recently released in the United States:

"Hot, jagged, garish," is what Sheila Benson of the Los Angeles Times calls rock singer Prince's first movie "Purple Rain." Prince

MOVIE MARQUEE

plays a Minneapolis rocker on the rise. Stardom is the ticket out of his black-Italian home where his musician father (Clarence Brown III) and ex-singer mother (Olga Karlova) drink and fight with Prince caught in the middle. There is also Apollonia Kotero, Prince's girlfriend, who proves to be just as ambitious as the others. While Benson says director Albert Magnoli and Prince "are on one side of the real sexuality (and cruelty) of the world of music," Vincent Canby of The New York Times disagrees. Magnoli, he says, "has seen it to it that the movie is so efficiently edited that the story ends sometime before the movie does. This is all right because it allows the movie to close with two successive musical numbers, which, in 'Purple Rain,'

Stolen Hepworth Work Saved From Furnace

The Associated Press

WEST BRETTON, England — Police traced five stolen bronze sculptures by the late Dame Barbara Hepworth to a scrap metal yard in time to save them from being melted down.

The huge works, weighing about three tons and part of a nine-piece group titled "Family of Man," were hauled away by thieves on Tuesday from the open-air Yorkshire Sculpture Park in the grounds of an 18th-century mansion, Bretton Hall.

Police said the five sculptures and part of a sixth were found at a scrap yard in the Yorkshire city of Leeds, 12 miles (20 kilometers) from the

park in the north England county of Yorkshire.

"They appear to be intact although they have been dismantled into pieces," said Walter Cowman of the Yorkshire police Thursday. Cowman said a man was being interrogated about the theft.

The sculptures were cast by Dame Barbara in 1970, five years before her death, and are regarded as among her most important works.

Dame Barbara cast six sets of the "Family of Man," and left instructions in her will that none of her work can be recast. The set at Bretton Hall, British experts believe, is the only one which has not been divided up.

certain figure of a Dutchman made in the 18th century for export to Europe, when it rose to 668,000 francs at Sotheby's in Monte Carlo. Auction houses attempt to expand the categories of unique objects to the utmost. It can be done within narrow limits when a better work cannot be found in the market.

The typical example is the Turner landscape sold by Sotheby's in July for \$7.3 million, now the record price for any painting at auction.

Compared with the masterpieces of that greatest of all 19th-century landscapists now hanging at the Tate — they are practically all there as a result of Turner's donation — it stands nowhere. It lacks the whirling movement of the more magical compositions, their stronger color scheme, the receding perspective effects.

Sotheby's experts were vividly aware of it. On the day that preceded the sale, the atmosphere of tense preoccupation in the house was perceptible. When one inquired about the estimate, the answer would be given with rather more stuttering than good British usage recommends.

They were saying £2 to £3 million. Experts had qualms about such a painting reaching such a price. They were lucky, but that is not always the case.

Sotheby's heavily advertised, "Bronzino" portrait — "we are saying a million plus," I heard several times — crashed lamentably early in July.

By the time the hammer fell at \$850,000 — the price at which it was bought in — I had not been able to detect one real bid coming from the room. Whole sales have crashed, such as the so-called "Collection of Dr. Peter Hertzberger of Vienna" at Sotheby's in April. The proportion of failures was 73.7 percent in value and it was higher still in number of lots. The "30 Gothic wood carvings" were somewhat not recognized as masterpieces.

As attempts to expand the "unforgettable masterpiece" become more strenuous, each time accompanied by a bombardment of publicity, and as have reserve prices protecting the minimum demanded by ambitious vendors are slapped on overestimated pieces, crashes will be inevitable now and then.

Naples: Works of Fear, Terror in Splendid Villa

By Edith Schloss
International Herald Tribune

NAPLES — Under the reign of the Bourbon Charles III, the city of Naples enjoyed a new prosperity. Not only were the San Carlo opera house, Capodimonte palace and a palatial building for the poor constructed, but all along the shores of the bay, a host of charming villas sprang up, complete with vast orchards and stables.

Among the 121 villas now being restored by the Association for the Preservation of Vesuvius, the Villa Capodimonte is one of the most splendid.

Lying on the slopes of the volcano, "that peak of hell rising from paradise," Capodimonte offers interesting contrasts to the excavations of nearby Herculaneum.

The houses in Herculaneum were square and simple and full of small rooms, close to the proportions of modern living in New York. The villa in Capodimonte, built for aristocrats, are ample and airy, with huge circular porches topped by promenade commanding a view of sea, estate and mountain.

The difference between the Roman ambience and that of the 18th century is made even more acute by an exhibit in the villa of prominent art of our time.

Wandering under frescoed ceilings from room to room washed by Mediterranean light, one is at first dazzled by the oversize canvases and the contemporary debris displayed so faultlessly. The name of the exhibit is "Terrae Motus" (Earthquake), the recurrent wrath of nature through history in these parts, and other volcanic and cataclysmic activity. While in some instances it reflects on the human will

to go on living in the face of extinction, it mostly plays with the sensations of doom and manmade annihilation.

A show within a show is in a small light room with three thematically connected drawings and a sculpture by Cy Twombly. In the drawings, jagged blood-red or fire-orange lines accented with wild black rhythms are like the graph charts of emotional and terrestrial eruptions. But the abruptness and tragic foreboding is tempered by a bloom, an ancient Mediterranean gentleness. The tilting sculpture, like the line of poetry written under it, is wispy and bittersweet.

The oils of Ernesto Tatafiore running refer to folk art depictions of Vesuvius and to the decorative mosaics found in the swimming pools of the Roman villas destroyed by it. But this Neapolitan is much more witty than he at first appears. Under his apparent earnestness lies gravity and wit, as it must in any work of quality.

A large triptych by James Brown is inhabited by scratched deadpan faces, spiny dog heads and other enigmas. The splintery woodness, the earth browns, whites and blacks and the primitive marks are obviously borrowed from ethnological forgotten tribes from which they are derived were always communal, while here they are used to express individual feeling, which makes them part of the modern sensibility. Brown's fusion of the aboriginal with the contemporary makes for haunting, compelling images.

Anselm Kiefer's earth relief is refined and melancholy; on Oswald Obendorf's dark canvas, animals and vegetation suffer the same fate as man; Paladino creates his own peculiar kingdom, and Mario Merz literally illuminates the profile drawing of the volcano with little lion manes.

In a room of gold-framed mirrors and white sofas, a recent discovery, Nino Longobardi — hailed for his depiction of the moribund and dead — has created an unusual environment with a few charcoal strokes. Even if the male nudes adorning the walls are engaged in basic bodily functions, or because they are, the quick sprightly line and irony come close to rococo lightness.

Keith Haring's little electrically charged monsters as usual toon and swarm over his surfaces — and are as grotesquely amusing as cartoons — but where will he go from here?

"Veronica's Veil," painted on velvet by Julian Schnabel, is as lush and as shabbily allusive as

this artist's work, and Andy Warhol is as predictable as always.

Among the assemblages a circular structure made of chunks of lava by Richard Long is as blunt as the egg of Columbus in the way it refers to the volcano; while of course Beuys, with shattered glass and weathered tables, displays his unquenchable inventiveness. Among the other assemblages there is one by Bill Woodrow, and there are several large oils by German and Spaniards — 25 male artists in all.

Because of its elegant surroundings, because it is as well-displayed and well-organized as such an exhibition should be, but seldom is — it is impressive.

The site over the sea and under the volcano, next in the city buried by it, give the modern works a particular aura. Sorting out one's impressions one sees that the show is symptomatic of a trend that is interesting but not fair. Here once again we have been favored with the darlings of the international art market. We are confronted rather with a display of current establishment fashion than with an in-depth survey.

The show also throws the shortcomings of the latest expressionism, and expressionism in general, into sharp relief. Because no matter how many death heads, bones, stones, mutilated limbs you throw into a picture, it takes a very rare artist, a Grünewald, a Goya, or maybe a Picasso, to come anywhere near the sound and fury of reality, near the fear and stink of death.

"Terrae Motus," Villa Capodimonte, Via Resina, Ercolano, Naples.

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KAFKA CONTAINED — Huge curtains printed with the skyline of Prague enclose "Le Siècle de Kafka" exhibition at the Pompidou Center in Paris. The show, which runs through Oct. 1, includes letters and memorabilia of Franz Kafka and his friends, sculptures and other works inspired by Kafka's writings, and "talking benches" where you can listen to readings of Kafka's works in a dozen or so languages, ranging from Czech to Japanese.

Three Glimpses of Hapsburg Vienna

By Michael Gibson
International Herald Tribune

PARIS — Gustav Klimt, born in 1862, died of a papoplexy in 1918 — the year in which the ancient and venerable empire of the Hapsburgs, whose decadent charm he so well represents, came to an end.

Egon Schiele, a man with a tormented and brilliantly perverse genius, died the same year at the age of 28. Oskar Kokoschka, four years his senior, died only four years ago at the age of 94. Of the three, he was the innocent.

Ninety drawings and watercolors by these three Viennese artists have been assembled in a Paris show intended to suggest something of the specific flavor and spirit of the Austrian cultural world at that time (the selection of Kokoschka's drawings breaks off at 1920).

"Decadent" was a term that a number of artists of the day used as a banner. It implied that, contrary to what was widely assumed at the time, human history was not a chronicle of simple and regular progress — that the idea of progress itself was somewhat spurious, and that the artist claiming this qualification of decadence was aware that something was awry in art. It implied that the times themselves were out of joint. One may also assume that the cultural issues that ultimately led to the breakdown of the European geographical structure after 1918 were already perceptible to thoughtful persons — a notion well illustrated in Robert Musil's celebrated novel "The Man Without Qualities."

Klimt is best known for his precious and sensuous paintings of women and couples wrapped in many-colored cloth on a gold ground — a combination adapted from the Byzantine mosaics which had impressed the painter in Ravenna, Italy.

Some were considered so risqué in his own day that they were only allowed to be displayed behind a screen. But this versatile artist, the son of a goldsmith, is represented in this show by some beautifully free-

handed and erotic line drawings which often state, in less studied terms, what the paintings also declare with a precision that some may find excessive today.

All his subjects in this show are women; all but two are young. One of them is pregnant; quite a few are shown in provocative attitudes.

Klimt, with his sturdy peasant face, is in fact quite the contrary of the effete decadent of his day and his interest in women was perfectly straightforward, devoid of the uncomfortable strain so often found in the work of his contemporaries (Knapoff and Stuck, for instance).

Schiele's specific genius I described as perverse without actually implying any judgment that the term might suggest. Even today, when so many strong statements have been made by more recent artists — someone like Francis Bacon — anyone looking at Schiele's drawings of the human body can only be impressed by the quasi-medical and even surgical eye with which he observes it, by the extraordinary, sufficiency of his vision and his line.

The term perverse applies to his work because this is something he sought to bring to the fore. The bodies and faces he portrays are wiry, some of them almost cadavers. His women often appear to be seducing the viewer with their eyes while their bodies look like uninhabited anatomies. Others, however, radiate an astonishing erotic intensity and the draftsman's line is almost always uncannily purposeful.

Next to the not-so-innocent charm of Klimt and the biting brilliance of Schiele, Kokoschka comes across as a blunt force. There is a surprised innocence in his work.

Kokoschka seems to be more tender and quite incapable of recognizing and designating the schizoid distance from one's own body that is apparent in many of Schiele's subjects, or the refined erotic invitation that Klimt so well suggests.

"Gustave Klimt, Oskar Kokoschka, Egon Schiele. Drawings and Watercolors," Salle Saint-Jean, Hotel de Ville, Paris, to Aug. 12.

Some Brushes With Color in London

By Max Wykes-Joyce
International Herald Tribune

LONDON — The Victorian art critic and historian John Ruskin once observed that "the purest and most thoughtful minds are those which love color the most."

It was an observation he could have made about most of the best Western painters, as can clearly be seen in the current exhibition at the National Gallery, "A Brush with Color."

In the first part of the show, working models, diagrams and specimens of pigments demonstrate the nature and science of color. The second part consists of 15 masterworks ranging from Bellini's "Madonna of the Meadow" (c.1505) to Willem de Kooning's "The Visit" (1966-67). They illustrate the uses of color in European painting over the past five centuries.

In addition the paintings — which include major works by Leonardo da Vinci, Rembrandt, El Greco, Turner, Cézanne and Van Gogh — provide an enlightening anthology of art history.

"A Brush with Color," National Gallery, Trafalgar Square, WC2, to Aug. 28.

Other current shows in which color plays a predominant role: "Contemporary Arab Art," at Graffitt where 10 artists — four Iraqi, two Algerians and one each from Kuwait, Palestine, Syria and Egypt — show a shared preoccupation with Arab calligraphy, architectural forms and the colors of sunbaked earth.

"Portraits of a Country" at the

Barbican Art Gallery, a selection of more than 100 examples of modern Brazilian art from the Gilberto Chateaubriand collection, which ranges from a group of 1920s works by the South American woman artist Tarsila do Amaral (1890-1973) to the abstract and calligraphic mixed media "Picture within a Picture" (1974) by Ivaldo Granato, born in Rio de Janeiro in 1949.

"Flatweaves from Fjord and Forest" at David Black, the first exhibition in England of Scandinavian tapestries dating from 1750 to 1840, arranged in collaboration with Peter Willborg of Stockholm.

The colors of all these textiles are rich but subtle, depending as they do on natural dyes which included the yellows of birch leaves, heathers and apple-tree bark, the browns of lichens and walnuts and the greens of coltsfoot and dandelion leaves as well as the imported indigos and madders from minerals and cochineals from insects.

"Contemporary Arab Art," Graffitt, 30 James Street, W.1, to Aug. 19; "Portraits of a Country," Barbican Art Gallery, EC2, to Aug. 19; "Flatweaves from Fjord and Forest," David Black, 96 Portland Road, W.11.

Three colorists are featured among one-person shows:

At David Talbot Rice, Juliet Williams — a young painter just graduated from the Royal Academy Schools — has a strong way of handling color and form on a big scale, sometimes in townscapes, such as her "Waiting at Piccadilly," equally in vast countryside scenes such as the 10-by-6-foot "Corn Bales."

At the Brompton Gallery, in arrangement with the print publisher Bernard Jacobson, are the paintings, watercolors and chiefly the large carborundum etchings of German-born, England-based Michael Heindorff. The etchings consist of three sets — the "Rhine Landscapes," inspired by a six-week river journey in 1982; the "Paris Suite" which followed a visit there last year, and the "English Landscapes" completed late last year and early this, and hence a public view for the first time. All the etchings are printed in 20 to 30 colors, which cluster thickly on the embossed surfaces, a feature of carborundum etching.

At the Alwin Gallery, the "Personal Glimpses" of Peter Miller are late summer and early fall evocations of the American South, inspired by Miller's visit last year to Charleston and Savannah. He has long succeeded in building up a spirit of place by a judicious use of rich light and color, none more so than in this panoply of glowing gold.

"Juliet Williams," David Talbot Rice, 19 Orington Gardens, SW3; "Michael Heindorff," Brompton Gallery, 15117 Brompton Arcade, Knightsbridge, SW3, to Aug. 4; "Peter Miller: Personal Glimpses," Alwin Gallery, 9110 Grafton Street, W.1, to Aug. 9.

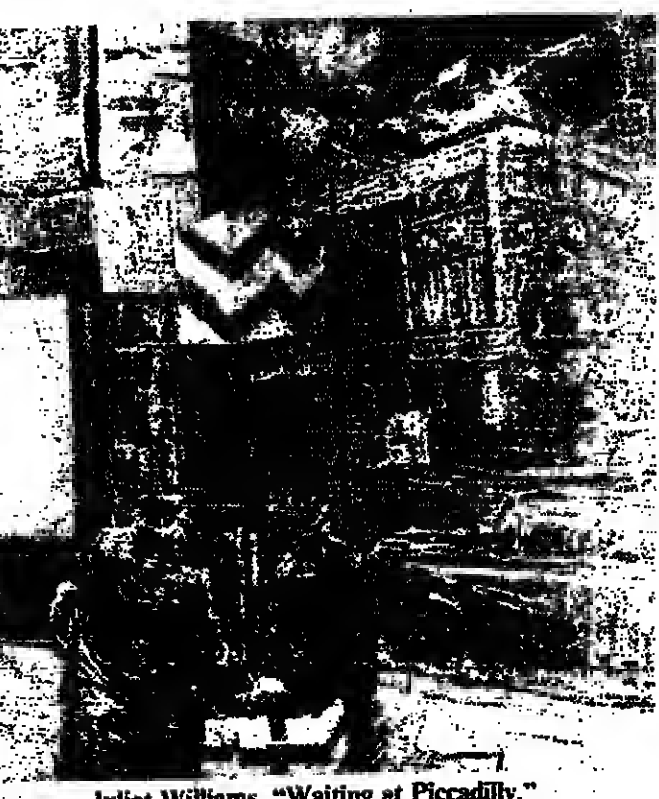
London summer exhibitions are also replete with colorful images:

Among 50 "19th and 20th Century Prints" at Lumley Cazelet are five major prints by Georges Braque, notably a colored lithograph "Les Volubilis" (1963), one of a suite made to accompany the "Lettre Amoureuse" of René Char.

In "Private View" at J.P.L. Fine Arts, with more than 50 Impressionist and Post-Impressionist works on paper, the highlights are three watercolors and a colored crayon drawing by Paul Signac (1863-1935), four marine watercolors by Albert Marquet (1875-1947) and two pastels and three oil sketches by the still somewhat underrated Ker Xavier Roussel (1867-1944).

At Browse & Darby, the finest among a good collection of British and French works from 1870 to 1950 are a superb Degas pastel-and-charcoal drawing made in 1880 of a woman in a theater box, "Au Théâtre, Femme à l'Eventail," and a typical but rare painting, done around 1924, of a young girl, "The Pilgrim," by the poet's sister of Augustus, Gwen John (1876-1939).

Summer Exhibitions, Lumley Cazelet Limited, 24 Davies Street, W.1; J.P.L. Fine Arts, 24 Davies Street, W.1; Browse & Darby, 19 Cork Street, W.1.



Juliet Williams, "Waiting at Piccadilly."

Herald Tribune

Published With The New York Times and The Washington Post

More Polish Than the Poles

Premier Wojciech Jaruzelski continues his effort to reconcile the Polish people. His latest move is an amnesty for almost all political prisoners remaining since martial law ended Solidarity's days in December 1981. Plainly, he hopes to gain Poland a new measure of social peace and some international favor.

The general has come some distance—from a place, to be sure, where he should never have been. He has ended formal martial law; released political prisoners and allowed them a semi-public political role; partly opened the media; and broadened a dialogue with the church. His actions have now taken his government to the point where its basic authority will be tested. The next step, involving a need to accommodate Polish workers, is sharing of power. A one-party Communist state sitting in Moscow's shadow does not do that easily.

Lech Walesa, the Solidarity leader, understands the dilemma well. Ever the bargainer, he greeted the amnesty as "a great step toward national understanding, provided it is followed with a step toward more pluralism in social organizations." Also a realist, he said that renewed "social" activity would have to be conducted "within reasonable limits." He knows how hard it is, and how necessary, to keep another iron fist from crashing down.

Does the United States know? President Reagan has indicated some sensitivity to the Polish dilemma. But under the surface of official thinking lies a tendency to see an opportunity to throw off the Communist-Soviet hold or at least to add to Moscow's costs of empire by keeping things in turmoil. As General Jaruzelski has satisfied its specific demands, the Reagan administration has tended to move on to a generalized demand for "meaningful" liberalization as the price of removing economic sanctions. The particular sanctions that Mr. Reagan evidently intends to lift now would leave in place the ones that really hurt.

Meanwhile, as part of his election-year strategy, Mr. Reagan is lifting some of the fishing sanctions that the United States imposed after the Soviet Union invaded Afghanistan—despite the fact that Moscow is intensifying its attacks on Afghan rebels.

The United States cannot be more Polish—more demanding of official concessions—than Lech Walesa and the Catholic Church. In their respective ways they are conducting a negotiation with General Jaruzelski. They are sensitive to the extent of the hardship as well as to the limit of the leverage that the sanctions bestow. Mr. Reagan should be, too.

—THE WASHINGTON POST.

An Immigration Bill, Please

These are bleak days for immigration reform. The Democratic national candidates, pondering to Hispanic leaders, parrot the unfounded claim that the Simpson-Mazzoli bill fosters discrimination against Mexican-Americans. Vice President Bush, joining the panders, says that President Reagan would not sign anything discriminatory. The bill's sponsors have reason to fear that the necessary compromise between Senate and House versions will not survive a second close House vote.

But this essential reform has been pronounced dead before America still needs to gain control of its borders, to abandon the lures to illegal immigration and to punish the hiring of illegal aliens. The reformers got this far by finely balancing regional interests and by subordinating partisanship. They should not yield now to opportunism in either party.

The three contenders for the Democratic nomination outdid each other in opposing Simpson-Mazzoli as discriminatory. The party's vice-presidential candidate voted against it for opposite reasons, contending that amnesty for millions of illegals already in the country was unpopular in her Queens district.

More repetition will not prove the fears of discrimination. Employers who now hire Mexican-Americans will still need to hire Mexican-Americans. All they would have to do is verify, by means of an ethnically neutral telephone checking system, that a job applicant is a legal

resident. Far from encouraging employers to avoid hiring Hispanics, as is charged, the law would deny any excuse to employers who might indeed want to discriminate.

If they focus on the merits, the Senate and the House should be able to reconcile their bills. The House's would grant amnesty to more recently arrived illegals. But government must at some point draw a line and then control the borders. And aliens must at some point be allowed out of the shadows without further fear of exploitation.

More difficult is the House's open-ended allowance for "guest" workers in seasonal jobs. But that, too, can be narrowed and made fair. Where they can show real need, fruit and vegetable growers can be accommodated.

Both bills penalize illegal hiring, but the House rejected the Senate's criminal sanctions. Reform should not founder on that difference.

The important step now is to proclaim it illegal to lure illegal migrants with job opportunities. Senator Alan Simpson and Representative Romano Mazzoli, the Republican and Democratic sponsors of this measure, have already struck a great many impressive compromises. The Hispanic leaders do not speak for a unanimous constituency. This reform deserves to survive because it is one of those rare achievements, a truly national response to a problem recognized by all Americans.

—THE NEW YORK TIMES.

Other Opinion

'Tolerably Unbloody Stalemate'

It is possible that both Iran and Iraq have belatedly realized the futility of attacking third nations' oil tankers, but their death wish of decimating each other remains unshaken. Ayatollah Khomeini has not dropped his demand for the head of President Saddam Hussein on a platter as a condition for ending the war, while the Iraqi air force attempts to frighten Iran into calling off the war have not yielded the desired results. What we have now is tolerably unbloody stalemate in the Gulf, but any intervention by Britain and the United States may change the scenario for the worse.

—The Hindustan Times (New Delhi).

The Extreme Right Assembles

The Group of the European Right, formed for the first time by the fascists, conforms to the rules by consisting of more than 10 members from not less than three countries. Ten are from France, led by the formidable Jean-Marie Le Pen, five from the Italian Social Movement and one from the [National] Political Union in Greece. It may be depressing, even disgusting, that only 40 years after the fall of Mussolini and Hitler and only 10 after that of the Greek colonels there are free Europeans ready to vote for neo-fascists. But that is a matter of opinion, regardless of whether the vast majority of Europeans share it.

Of the EC countries, only West Germany has a law banning parties with fascist policies. But it is also West German experience with neo-fascism which clearly points the way to dealing with such phenomena. A democratic consensus against extremism of any kind, and recourse to the courts when radicals break the law, is the only legitimate democratic method of restraining them.

—The Guardian (London).

Now Let's Watch the Athletes

The 23d Olympic Games opened amid much fanfare in Los Angeles. The opening ceremony will hardly be satisfactory, but we hope the athletes do their best to make the Games a success. The excitement the Games create can help revive the Olympic movement.

The Los Angeles Games have, after the Moscow Olympics, again become an event marked by the absence of one of the superpowers. Despite the political problems, we should be delighted that the Olympics are being held. Previous Games were canceled because of world wars, which we must be sure never recur.

The Games will open despite problems—how to remove the dark clouds of international politics, determine the permissible extent of commercialism, interpret amateurism, stop the trend for the Olympics to grow bigger and bigger. How much has been done since the Munich Olympics were marred by that bloody incident 12 years ago? The International Olympic Committee and its members should consider at this time that the effort to resuscitate the Games has reached a precarious stage.

—Yomiuri Shimbun (Tokyo).

Liberia Stirs Hope for Africa

It is common practice to write off Africa as a continent where democracy is doomed to fail. Recent events in Liberia provide a glimmer of hope. Asked to approve a constitution to replace the military rule of Samuel K. Doe, Liberian voters responded affirmatively. And the United States has acted with intelligence and honor to assist an underdeveloped nation without trying to control it. It is overly optimistic to expect a stable new state to emerge from the new Liberian constitution, but the signs lend themselves to optimism.

—The Los Angeles Times.

FROM OUR JULY 28 PAGES, 75 AND 50 YEARS AGO

1909: Anti-Diaz Riot in Guadalajara
MEXICO CITY — More than two hundred arrests have been made following political riots against President Porfirio Diaz, in which two men were killed and twenty injured and many buildings wrecked (on July 25) in the city of Guadalajara, the capital of the State of Jalisco. The rioting started when the mob tried to break up a meeting in the interest of President Diaz and Vice-President Corral, who are candidates for re-election. The rioters stoned the orators. Street fighting between the troops and the adherents of [opposition candidate] General Bernardo Reyes followed. The mobs shouted: "Down with Diaz; we want Reyes!"

1934: Ex-Mexicans Barred at Polls
AUSTIN, Texas — The State Democratic Committee has announced that Mexicans who have become citizens of the United States will be barred from the polls along with Negroes, when Texas holds its primary elections (on July 28). Negroes previously have been barred from participation in elections here. It is expected the Mexicans will make an issue of the ruling and will carry it before Attorney General Homer S. Cummings in Washington. Senator Tom Connally, Democrat, author of the Senate bill to devalue the gold dollar, will go before the Texas voters for endorsement. His opponent is Joseph W. Bailey Jr.

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Swedish Neutrality: Crisis in the North?

By Charles William Maynes

This is the second of two articles.

STOCKHOLM — In the area above northern Norway, which can be reached by land most easily through Sweden, the Soviet Union has roughly two-thirds of its SSBNs (ballistic missile-firing submarines) protected by roughly two-thirds of their nuclear attack submarines. For the U.S. cruise missile, one flight path to Soviet targets would be over Sweden and Finnish airspace.

Soviet officials have been telling the Swedes that if they are neutral they must be in a position to shoot down any cruise missiles that transit Swedish airspace. There are fears throughout Scandinavia that at some point the Soviets may seize on their security treaty with Finland to demand the installation of Soviet radar, interceptors and anti-aircraft weapons in Finland for Soviet defense against cruise attacks.

Meanwhile, Soviet submarines have been penetrating Swedish territorial waters.

Views in Stockholm vary on why the Soviet navy has carried out such troubling missions. But it seems plausible that the underlying reason is that the Soviets want to be in a position to bring increasing pressure on the Swedes to take steps to counter the cruise missile threat. Another aim would be to raise alarm in Norway about the security of its northern territory unless it takes steps to mollify the Soviet Union.

Thus far, Swedish reactions have been firm. The public has turned resolutely anti-Soviet. A decade ago, approximately one-fifth of Swedes regarded the Soviet Union as unfriendly to Sweden. Today, four-fifths share that view.

All the major parties have agreed on an increase in defense spending. Swedish rules of engagement have been changed to permit senior officials to open fire at once on vessels violating Swedish territorial waters. The government has decided to build a new generation of aircraft to replace the aging Viggen jet fighter.

But something unexpected has also happened. For the first time in postwar history there is an open debate about Swedish security options, which boil down to three — accommodation with the Soviet Union, traditional neutrality or alliance with the Western powers. No responsible person is proposing any departure from the second option, but the fact that there is even talk about the theoretical possibility of options, particularly the alliance concept, is a major departure in the postwar Swedish defense debate.

Despite the vast policy differences dividing the

Reagan administration from a socialist government led by Olof Palme, Swedish officials give rather high marks to Washington for showing understanding of Swedish dilemmas. The Reagan administration has decided to help Sweden develop its new aircraft by permitting the export of U.S.-manufactured engines. It has worked to ease trade problems involving exports of sensitive material to the Soviet Union. It appears to have been restrained in its reaction to the practice of Swedish neutrality on the world stage.

Sweden's main problem, apparently, is within the Pentagon, where colonels who may remember Swedish comments during the Vietnam War may not always move necessary papers as quickly as they otherwise might.

Nevertheless, as the United States and the Soviet Union play out the current chapter in their arms race with one another, more attention might be given to the effect that future missile deployments by either side could have on security arrangements in northern Europe that have served not only Sweden but also others well for more than four decades. The world does not need a crisis in the north to add to the already high level of tension in the heart of Europe.

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The writer is editor of Foreign Policy magazine.

Letter From Warsaw: History Is a Bother

One for the Insurgents, One for the Repressors

By Bradley Graham

WARSAW — Why the censor let the comment pass is puzzling, but there is a Warsaw newspaper the other day was a most authoritative source admitting that Poland's 1944 manifesto of independence was not printed in the Soviet Union. This is not what Communist textbooks have long maintained about the historic document, which aligned postwar Poland with Russia.

The official line holds that the declaration, whose 40th anniversary was celebrated on July 22, was drafted and printed in Chelm, the first city liberated from the Germans to what Stalin considered Polish territory.

But Edward Osobka-Morawski should know. He was the chairman of the Polish Committee of National Liberation, the Soviet-installed provisional leadership whose signatures appeared on the manifesto. In a telling anecdote, Mr. Osobka-Morawski recalled that because the Polish accent letter "o" (pronounced as a "u") does not exist in Russian, his name was misspelled as "Usobka" in the initial versions of the proclamation run off on a Soviet press.

Such frank disclosures, embarrassing for Communist propagandists, inevitably surface in a country that tries to slant historical accounts to justify an unpopular government. This time of year brings an especially strong sense of tension in Poland between the sanitized official version of history and the authentic one.

Two major anniversaries highlight the unreconcilable counterclaims that have been swirling in Communist Poland since its birth: the yearning for genuine independence and democracy, and the deference that must be shown to the Soviet Union. July 22 was the anniversary of the 1944 liberation of Poland west of the Bug River by Soviet troops and Polish units accompanying them. It is a bittersweet holiday for most Poles, recalling the enormous relief at being freed from the Nazis but also the misfortune of having fallen subject to the Soviets soon after.

The other anniversary is Aug. 1,

marking the ill-fated Warsaw uprising that also took place 40 years ago. This daring but costly bid by Polish resistance forces to overthrow the Nazis in the capital was, in strictly military terms, an anti-German action. But politically it was motivated by anti-Russian considerations. The Polish underground's aim was to wrest control from the Germans on its own and thus avoid becoming beholden to approaching Soviet troops.

That makes celebrating the uprising a sensitive official concern. It was



not observed in the first decade of Communist rule. In recent years, governments have permitted memorial activities, but always in the shadow of the July 22 commemoration.

With argument over current affairs inhibited by official constraints, history substitutes as the currency of political debate here. How one interprets past events is a veiled way of expressing acceptance or disapproval of current conditions.

Those supporting, or at least tolerating, the government tend to frame historical discussions in terms of "realists," who recognize that Polish "geopolitics" requires getting along with the Soviets, and "idealists," who don't. Those opposed describe Polish politics as a contest between traitors

and patriots. The dividing line was drawn 40 years ago.

"July 1944 was for Poles a tragic month," said Wlodzimierz Sokorski, a war veteran and one-time high-ranking Communist official. "On the one hand, the country was being liberated. On the other hand, the liberators were coming from the east, not from the west, where most Poles had hoped they would come from."

Those of us on the left knew we had a problem of public acceptance, which we hoped could be solved by a

memorial honoring the Warsaw uprising has been stalled by clashes over what to name the structure. On the surface the argument seems trivial, but it reflects a fundamental difference in political views.

Many Poles want the monument dedicated simply "to the Warsaw uprising" as a whole. But the authorities would prefer to mourn those who participated, without appearing to approve of the uprising's political aim. They have suggested dedicating the structure "to the heroes of the Warsaw uprising." After months of impasse, the government has suspended the special committee set up three years ago to plan the memorial. A provisional board, expected to be more compliant, was appointed to prepare a new construction schedule.

Noting the contradictory characters of the two monuments going up, a Polish writer remarked: "One they raise for those who fought in the uprising, and the other for those who murdered people like those who fought in the uprising."

Historical awareness among Poles, particularly about the 20th century, got a big boost during the 1980-81 Solidarity period, when the nation appeared to embark on a frenzied effort to explore those personalities and events that Communist censors had obscured in the name of ideology. The Januszki regime has recognized that it cannot roll back social consciousness as easily as it crushed the Solidarity trade union movement.

Authorities observe, if only perfunctorily, such previously taboo or potentially embarrassing anniversaries as the signing of Poland's first democratic constitution in 1791, the bloody worker revolts of 1956 in Poznan and 1970 in Gdansk, and the signing of the 1980 worker-state accord that gave rise to Solidarity.

Other episodes, such as the 1940 Soviet execution of several hundred captured Polish officers at Katyn, remain unacknowledged. Officially, they are unremembered.

The teaching of history is still often subject to political and ideological manipulation. In a remarkably open exchange published this month in the Catholic paper *Przegląd Katolicki*, a group of reform-minded historians attacked the government for failing to incorporate any of their recommended revisions in a new school curriculum. "We were presented with facts as they are," Andrzej Zakrzewski complained. Replied the Ministry of Education's representative, Edward Mierzwia, "The decisions are made not only by historians but also by politicians. We have guidelines which we must observe."

Some historians contend that history courses should end at 1945. Communist rule, they say, is still an open period and therefore does not afford a historical perspective.

The Washington Post.

LETTER TO THE EDITOR

Proliferation or Not?

You reported on July 17 (in "Western Nations Oppose Nuclear Export Controls," by Leslie H. Gelb) that the Western states in the Nuclear Suppliers Group (the London Club) secretly met in July and "agreed that they had to do more to prevent the spread of the ability to build nuclear weapons."

Indeed this is a critical issue, and it is essential that the COECON members of the London Club also endorse this agreement.

However, major problems remain with regard to the action of the nuclear weapon states and their manifest lack of movement toward agreement on multilateral nuclear disarmament.

In the summer of 1983 the Nuclear Nonproliferation Treaty review conference will be held. In your May 19 editions, columnist Jonathan Power argued forcefully that "it is time to start considering how to improve and sustain" the treaty. The substance of the treaty is likely to be undermined while its "depository states" — the United States, the Soviet Union and the United Kingdom — manifestly ignore Article VI, which reads in part: "Each of the parties to the treaty undertakes to pursue negotiations in good faith on effective measures relating to the cessation of the nuclear arms race at an early date."

A recent example of the flagrant ignoring of the spirit and letter of the treaty was reported in the International Herald Tribune by Milton Benjamin ("U.S. Officials Admit Use of Plutonium From Britain to Make Nuclear Arms," March 19), who explained how Britain transferred military plutonium to the United States

between 1976 and 1978 for use in the expanded U.S. weapons arsenal. The treaty's Article I states: "Each nuclear weapon state party to the treaty undertakes not to transfer to any recipient whatsoever nuclear weapons or other nuclear explosive devices, or to assist, encourage or induce any non-nuclear weapon state to manufacture or acquire such nuclear weapons or other nuclear explosive devices."

Now there is debate in Britain and the United States over plans to use a further four metric tons of plutonium, transferred from the British civil stockpile between 1964 and 1971, in the U.S. weapons program.

Are the United States and Britain serious about nuclear nonproliferation and prepared to give leadership in these matters? If they do not, they will be found guilty of more than the "inattention" toward nonproliferation that the Washington Post editorial "Aiding Nonproliferation" (JULY 16) suggested has thus far been noted in the U.S. administration.

As Arend Meerburg suggests (Letters, July 18), a verifiable freeze on fissionable materials directly manufactured for warheads is an important start. But it is not enough.

DAVID LOWRY,
European Proliferation
Information Center,
London.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Iran-Iraq: If the World Wanted...

By Mansour Farhang

BENNINGTON, Vermont — Western intelligence analysts have been surprised in recent weeks as Ayatollah Khomeini has apparently put off a major new offensive against Iraq. The underlying reason would appear to be that his economic and military capacity to fight the war effectively is fast diminishing.

Iran's joint chief of staff, General Zahir Nezhad, has maintained since June 1982 that Iran lacks the necessary armaments and logistical support to defeat Iraqi armed forces on its own territory. Several prominent clerics, who are concerned about stability in post-Khomeini Iran, have privately asked the ayatollah to modify his position on the war.

The ayatollah seems to be convinced that military conquest of Iraq is highly improbable, but he has stubbornly insisted that the war of attrition can eventually topple the regime of President Saddam Hussein and pave the way for Iraqi fundamentalists to take over the government.

The central assumption in this unlikely scenario is that Iran could continue to export oil without serious interruption for oil revenues are indispensable to Iran's active and threatening approach to the stalemate conflict. That is why the counterstrategy of Iraq has been to try to blockade Iran's main oil terminal. The fall in Iran's oil exports in the last three months — from 1.9 million barrels a day to an estimated 600,000 — has begun to stir considerable doubt on the ayatollah's design.

The ayatollah may also have begun to doubt his own popularity in the Arab societies along the Gulf. He used to claim that the Saudi and Kuwaiti governments would not dare to take military action against Iran because it could lead to mass uprisings. The Saudis greatly surprised him in June by downing an Iranian F-4 fighter plane in reaction to attacks against Saudi tankers.

The ayatollah is bold in praising martyrdom and ruthlessness toward his critics, but he is not at all reckless



Drawing by Doolin.

when the stability of his regime is at stake. As the absolute ruler of Iran, he has alternated between crusading and pragmatic paths.

As a crusader he defies all rational calculation of costs or consequences; as a pragmatist he pays close attention to the limits of what can be accomplished in any given circumstances. Thus, in the first 20 months of the war, when Iraqis were occupying Iran, he asked only for a return to the prewar status quo. Once the Iraqi troops were expelled in June 1982, he began to demand that Saddam Hussein be removed from power.

The financial cost of the war has become an enormous burden on Iran, and one of the main reasons for its critical dependence on oil revenues. Yet satisfying the growing need for imported food, spare parts, medicine and consumer and industrial goods is ultimately more important for the functioning of the regime.

In the last fiscal year Iran paid \$25 billion for imports but took in only some \$21 billion in oil revenues. To make matters worse, since the hostage crisis it has been paying cash for oil. The international situation — and no country is likely to extend it much credit in the present situation.

If the reduction in oil exports persists for another six months, the ayatollah will find it extremely difficult to maintain his intransigent attitude toward the Arab states of the Gulf. He will not make peace with Saddam Hussein; real peace between Iran and Iraq must await the disappearance of both leaders. But he might be willing to consider some kind of de facto cessation of hostilities.

The initial Iraqi invasion of Iran helped the ayatollah consolidate his power and eliminate critics of his theocracy. For nearly four years the war has enabled him to justify his country's immense economic problems. But in his message to the opening session of the new Majlis he instructed the Islamic legislators to give top priority to unemployment, inflation and housing shortages.

That is a dramatic shift from a man who used to demean economics as "fit only for donkeys." The change should be taken as a sign that the ayatollah may be increasingly vulnerable to pressure to end the war.

If the world really wants to stop the fighting, it should make its purchase of Iranian oil contingent on Iran's acceptance of commercial shipping in the Gulf for all nations, including Iraq. The present oil glut makes this demand quite credible. As Iran's principal oil customers, Japan and West Germany can be very influential in this regard.

So long as Ayatollah Khomeini and Saddam Hussein remain in power, only such concerted efforts by the industrial countries can produce an effective end to the longest and most destructive armed conflict in the modern history of the Middle East.

The writer teaches political science at Bennington College. He contributed this article to the Washington Post.

ECONOMIC SCENE
Iran-Iraq: If the World Wanted...
The White House

CURRENCY RATES

INTEREST RATES

Money Deposit

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Herald Tribune BUSINESS/FINANCE

ATURDAY-SUNDAY, JULY 28-29, 1984

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ECONOMIC SCENE

Opposing-Aims Policy Finds Home in the White House

By LEONARD SILK
New York Times Service

NEW YORK — Has the Reagan administration, as this year's economic data suggest, discovered a way of achieving strong but noninflationary growth? Or is the economy's current performance a stroke of luck that will not last?

One economist who can argue that the Reagan record is no fluke but stems from deliberate policy decisions is Robert Mundell, a professor at Columbia University.

In 1971, Mr. Mundell put forth a bold proposal at the Claremont international monetary conference in Bologna, Italy. His proposition was that, to cure stagflation, or economic stagnation combined with inflation, monetary and fiscal policy should be aimed in opposite directions: monetary policy to bring down inflation and fiscal policy to stimulate economic growth.

This proposal shook the conference to its roots, as this correspondent well remembers. Until the Mundell proposal, as the Bologna conference organizer, Professor Randall Hershman of the Claremont Graduate School in California, explained, the general view among economists had been that monetary policy and fiscal policy were simply complementary ways of dealing with depression or inflation.

They had taken the view that depression should be attacked by "some combination of expansionary monetary and fiscal policies and that inflation should be reduced by some combination of restrictive monetary and fiscal measures," he added.

But Mr. Mundell argued that it was impossible to deal with the new economic phenomenon of stagflation by pointing fiscal and monetary policy in one direction, whether toward stimulus or restraint. For stimulus alone, aimed at curing stagnation, would aggravate inflation, he said, while restraint alone, aimed at curbing inflation, would aggravate stagnation and unemployment.

Mr. Mundell invoked the rule of Jan Tinbergen, the Dutch economist who in 1969 shared the first Nobel Memorial Prize in Economic Science, namely that the number of policy "targets" must be matched by an at least equal number of appropriate policy instruments.

Thus, to hit the two policy targets of lower inflation and higher growth, Mr. Mundell urged governments to use two separate policy instruments, monetary policy to check inflation and fiscal policy to spur growth.

On the fiscal side, Mr. Mundell was mainly concerned with taxes; he proposed a program of tax reductions aimed at business and intended to stimulate investment and productivity.

Mr. Hershman observed that "Professor Mundell's ideas have clearly influenced the policies of the Reagan administration." But he adds: "In fairness to Mundell, it should be emphasized that in certain important respects his policy advice has not been followed."

"His program did not support either a reduction or a threatened reduction in federal expenditure; nor did it support a shift in federal expenditure from social programs to national defense," Mr. Hershman added. Mr. Mundell did, however, favor a policy of monetary restraint and also argued that the international regime of floating exchange rates, which the administration supports, was a primary source of global economic instability.

But the adjustment process, under a quasi-Mundellian, two-target, two-weapon economic policy has been anything but smooth and easy, as conducted by the Federal Reserve and the Reagan administration. In 1981-82, tight money sent interest rates soaring and dumped the economy into steep recession, driving unemployment to a postwar peak of almost 12 percent.

Alarmed over the depth of the slump, the Fed in mid-1982 dropped its professed "monetarism," stressing control of the money supply and ignoring interest rates, and turned monetary policy around, pointing it in the same direction as fiscal stimulus. This looked non-Mundellian, but one could argue that the fiscal-monetary balance was wrong and the slump forced a correction.

By the end of the year, the economy was growing again. But

CURRENCY RATES

Official findings for Amsterdam, Brussels, Milan, Paris, New York rates at 4 P.M. EDT.

	Amsterdam	Brussels	London	Milan	New York	Paris	Tokyo	Zurich	1 Euro	1 SDR
U.S.	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
DM	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
FF	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
£	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Yen	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Swiss	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Italian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Spanish	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Portuguese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Belgian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Dutch	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Austrian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Swedish	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Norwegian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Japanese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
South African	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Israeli	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Indian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Pakistani	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Sri Lankan	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Thai	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Philippine	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Malaysian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Singapore	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Indonesian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Malay	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Brunei	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Siamese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Laotian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Khmer	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Myanmar	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Burmese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Indonesian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Malay	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Brunei	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Siamese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Laotian	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Khmer	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Myanmar	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212
Burmese	2.338	2.338	1.212	1.212	1.212	1.212	1.212	1.212	1.212	1.212

INTEREST RATES

July 27

	1 mo.	3 mos.	6 mos.	1 yr.	2 yr.	3 yr.	5 yr.	10 yr.	30 yr.
U.S.	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
U.K.	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
FR	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
DM	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Yen	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Swiss	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Italian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Spanish	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Portuguese	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Belgian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Dutch	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Austrian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Swedish	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Norwegian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Japanese	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
South African	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Israeli	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Indian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Pakistani	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Sri Lankan	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Thai	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Philippine	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Malaysian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Singapore	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Indonesian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Malay	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Brunei	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Siamese	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Laotian	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Khmer	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Myanmar	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%
Burmese	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%	11 1/2%

Rates applicable to interbank deposits of \$1 million (minimum for equivalent).

1 mo. = 1 month; 3 mos. = 3 months; 6 mos. = 6 months; 1 yr. = 1 year; 2 yr. = 2 years; 3 yr. = 3 years; 5 yr. = 5 years; 10 yr. = 10 years; 30 yr. = 30 years.

U.S. = United States; U.K. = United Kingdom; FR = France; DM = Deutsche Mark; Yen = Japanese Yen; Swiss = Swiss Franc; Italian = Italian Lira; Spanish = Spanish Peseta; Portuguese = Portuguese Escudo; Belgian = Belgian Franc; Dutch = Dutch Guilder; Austrian = Austrian Schilling; Swedish = Swedish Krona; Norwegian = Norwegian Krone; Japanese = Japanese Yen; South African = South African Rand; Israeli = Israeli Sheqel; Indian = Indian Rupee; Pakistani = Pakistani Rupee; Sri Lankan = Sri Lankan Rupee; Thai = Thai Baht; Philippine = Philippine Peso; Malaysian = Malaysian Ringgit; Singapore = Singapore Dollar; Indonesian = Indonesian Rupiah; Malay = Malay Ringgit; Brunei = Brunei Dollar; Siamese = Thai Baht; Laotian = Laotian Kip; Khmer = Khmer Riel; Myanmar = Myanmar Kyat; Burmese = Burmese Kyat.

Source: Commercial Bank of New York & Co.

GM Posts Record Net In Quarter

Big Four's Profits Pass 1983 Total

The Associated Press

DETROIT — General Motors Corp. reported Friday record second-quarter earnings of \$1.6 billion, including a tax break of \$422 million.

Although a record for a second quarter, the amount was just short of a record for any quarter. That was set in this year's first quarter when GM earned \$1.61 billion.

The new results brought GM's earnings for the first half of the year to \$3.22 billion. GM made \$3.73 billion in all of 1983, its record year.

GM's profit pushed the first-half earnings of the four major Detroit-based automakers, GM, Ford Motor Co., Chrysler Corp. and American Motors Corp., to more than \$6.6 billion, eclipsing the full-year record of \$6.15 billion set last year.

GM in the second quarter of last year made \$1.4 billion. This year's second-quarter net was a 53.8-percent rise over the year-earlier figure.

Ford Motor Co. reported Thursday that it made \$909 million in the quarter. Chrysler Corp. announced last week a second-quarter profit of \$803 million.

The GM tax break was the result of the new Tax Reform Act of 1984 signed recently by President Ronald Reagan.

The amount was for tax liabilities that had accrued for many years under provisions of the Domestic International Sales Corp., which was set up to promote overseas sales of American goods.

Many of DISC's functions were transferred to a new agency or abolished under the new tax act. GM's second-quarter earnings came to \$5.09 a share. That compares with a profit of \$1 billion, or \$3.32 a share a year ago.

Sales for the quarter were \$21.6 billion compared with \$19.4 billion a year earlier.

GM attributed its earnings to sales gains to the United States and Canada.

The GM profit was announced as bargainers for the automaker and the United Auto Workers wrapped up the first week of 1984 contract talks. Concessions pacts worth \$4 billion at GM and Ford Motor Co. expire Sept. 14.

Donald Epstein, the UAW's chief GM bargainer, said, "Baking a pie is a wonderful experience. I guess, for the cook. But unless you get to eat a piece of it, it doesn't mean a lot."

Ford's earnings were a record for any quarter. That lifted earnings for the first half of the year to \$1.3 billion, approaching in six months its record earnings for an entire year — \$1.87 billion in 1983.

The second-quarter profit reported Thursday by Ford amounted to \$495 a share. It compared with earnings of \$542 million, or \$3.00 a share, a year ago.

Continental Chief Faces Hard Task But Swearingen Is Called Tough, Uncompromising

By Peter Behr and Kevin Klose
Washington Post Service

WASHINGTON — Not since Lee A. Iacocca stepped in front of the television cameras in 1979 to declare that Chrysler Corp. would survive has a business executive faced the kind of public relations challenge that now confronts John E. Swearingen.

Mr. Swearingen, 65, a tough, outspoken chemical engineer who ran Standard Oil Co. of Indiana for 23 years, has come out of retirement to head Continental Illinois Corp. in its darkest hour. He is charged with persuading depositors and borrowers that Continental Illinois bank can right itself.

He was the only candidate to head Continental Illinois Corp., the holding company that owns the bank, according to William D. Isaac, chairman of the Federal Deposit Insurance Corp. The FDIC proposed to take effective control of Continental on Thursday after committing a potential \$3.7 billion to save the Chicago bank from failing.

That figure represents the \$4.5 billion the government will receive in loans, minus the \$800 million that may end up being the shareholders' contribution, through their new shrunken equity, should things go wrong.

Mr. Swearingen's stature as a leader of Chicago's business community, the home base of Standard of Indiana, and his reputation as an administrator made him the obvious choice, Mr. Isaac said.

AROUNDUP
Long Textile Co.

NYSE Most Actives				
Symbol	Vol.	High	Low	Change
IBM	1,100,000	125.00	124.00	+1.00
AT&T	1,000,000	45.00	44.00	+1.00
GE	800,000	35.00	34.00	+1.00
AMT	700,000	15.00	14.00	+1.00
GO	600,000	12.00	11.00	+1.00
MSFT	500,000	10.00	9.00	+1.00
INTL	400,000	8.00	7.00	+1.00
WAT	300,000	6.00	5.00	+1.00
AMC	200,000	4.00	3.00	+1.00
AMR	100,000	2.00	1.00	+1.00

Dow Jones Averages				
Index	Open	High	Low	Close
Indus	1108.44	1124.25	1101.00	1114.62
Transp	134.00	135.25	132.00	134.62
Comp	28.00	28.50	27.50	28.12
Vol	1,100,000	1,200,000	1,000,000	1,150,000

NYSE Index				
Index	Open	High	Low	Close
NYSE	101.35	101.50	101.20	101.40
Vol	1,100,000	1,200,000	1,000,000	1,150,000

Friday's
NYSE
Closing

Vol. at 4 P.M. 101,350,000
Prev. 4 P.M. vol. 96,410,000
Prev. consolidated close 107,047,300

Tables include the nationwide prices
as to the closing on Wall Street

AMEX Diaries				
Index	Open	High	Low	Close
AMEX	100.00	100.50	99.50	100.25
Vol	1,000,000	1,100,000	900,000	1,050,000

NASDAQ Index				
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NYSE Makes 3d Straight Gain

NEW YORK — Prices on the New York Stock Exchange, aided by speculation that interest rates would ease in the near future, scored their third consecutive day of gains on Friday in the heaviest trading in a month.

The rally, which put averages on the plus side for the week after hitting a 17-month low on Tuesday, was bolstered by news that the Soviet Union had cut its oil prices by \$1.50 a barrel for August.

Automobile stocks also made gains after General Motors and Ford posted strong second-quarter earnings. Brokerage and banking issues came to life on rumors rates were headed lower.

The Dow Jones industrial average, down a point at the outset after rising 10.60 Thursday, gained 7.07 Friday to 11,146.2. The average, which hit a 17-month low Tuesday in a five-day slide, gained 13.25 for the week overall.

The Dow Jones transportation average rose 9.77 to 466.60 thanks to the strong rally in the airline group.

Advancing stocks led declining ones by a ratio of 2 to 1. Volume was 101.4 million shares, up from the 90.4 million traded Thursday. It was the heaviest day since 123.3 million changed hands June 21.

"Wall Street's hope is that interest rates will flatten out for the rest of the year," said Peter DaPuzzo of Shearson Lehman/American Express as rumors surfaced that banks might cut their prime lending rate soon.

Mr. DaPuzzo said the Federal Reserve chairman, Paul A. Volcker, got both the bond and stock markets rolling Wednesday when he said the board had decided not to tighten credit this summer.

Analysts said the market was being bolstered by the Fed's report late Thursday that M-1, the narrowest measure of the U.S. money supply, decreased \$100 million. That was seen as taking pressure off the Fed to tighten credit.

The bond market, which had rallied on the money supply figures, rebounded from early profit taking.

Continental Illinois was the most active issue, up 3/4 to 4 1/2. The government unveiled a multi-billion-dollar rescue program for the bank this week.

Ford Motor (ex-dividend), was second, up 1 1/4 to 38 1/2 on second-quarter earnings of \$4.95 a share, up from \$3.32 a year ago. General Motors, which posted second-quarter earnings of \$5.09 a share, up from \$3.32 a year ago, was fifth, up 1 1/4 to 68 1/4. Chrysler rose 1 1/4 to 27 1/4.

Atlantic Richfield was third on the list, off 3/4 to 42 1/4. Exxon lost 3/4 to 40 1/4. Phillips Petroleum 1 to 34 1/4 and Mobil 3/4 to 24 1/4.

UAL Inc. up 3/4 Thursday despite flat earnings, gained 2 to 37 1/4. Delta Airlines, which rose 1 1/4 Thursday on its report of a record second-quarter profit, jumped 1 1/4 to 31 1/4. Northwest gained 1 1/4 to 36 1/4. AMR Corp. 1/2 to 26 1/4. Piedmont 1 1/4 to 31 1/4 and Southwest 1 1/4 to 17 1/4.

Ryder System, the truck rental firm, climbed 2 1/4 to 43 1/4 on the Soviet oil news.

Texas Instruments, which posted a second-quarter profit of \$85.9 million, compared with a \$119.2-million loss a year ago, rose 3 1/4 to 121 1/4. Spectra-Physics, which reported third-quarter earnings of 35 cents a share, up from 19 cents a year ago, rose 1 1/4 to 22.

Standard & Poor's Index				
Index	Open	High	Low	Close
S&P	100.00	100.50	99.50	100.25
Vol	1,000,000	1,100,000	900,000	1,050,000

Dow Jones Bond Averages				
Index	Open	High	Low	Close
Bond	100.00	100.50	99.50	100.25
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AMEX Stock Index				
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صلى الله عليه وسلم

BUSINESS ROUNDUP

Hong Kong Textile Growth May Slow

By Dinal Lee

HONG KONG — Hong Kong's textile industry will not continue to grow as rapidly as in the past because of U.S. demand will be according to T.K. Ann, chairman of the leading Hong Kong textile company, Winsor Industrial.

Ann reported Thursday that the net profit after taxes but before extraordinary items of 239 million Hong Kong dollars (\$30.5 million) for the year ended March 1984, a record 131 percent high on the 103.75 million dollars.

Nippon Oil Posts 32% Fall in Net

Reuters

NIKKO — Nippon Oil Co. said Friday that net for the ended last March 31 fell 32 percent to 14.84 billion yen (\$60 million) from 21.73 billion yen a year earlier.

Operating income fell 32 percent to 14 billion yen from 21.08 billion yen last year.

The company blamed the results on a drop in Japan's domestic oil prices, and a loss at Nippon's liquefied petroleum gas divi-

Earnings per share were 151 Hong Kong cents, compared with 65.5 cents last year. The company will pay a total dividend of 56 Hong Kong cents, an increase of more than 50 percent.

Mr. Ann credited a recovery in the U.S. market that started in the middle of last year for the company's results. The group's exports of women garments to the United States rose by 48 percent, compared to a rise in sales to Europe of 19 percent.

Similarly, the group's exports in knitwear rose by 39 percent to the United States but only 17 percent to Europe.

Nippon Oil said it expects net

to improve this year if prices increase for refined oil products. The company plans to raise wholesale prices to offset the yen's fall against the dollar, but a company spokesman declined to specify the size of the increase.

He said net income is expected to reach about 25 billion yen in the current year ending March 31 and operating income, 45 billion yen.

Despite the expected product price increase, sales are expected to fall slightly to 3.7 trillion yen this year, the spokesman said.

The group's results were in line with the sector's general performance. Hong Kong's exports of textiles and clothing rose by 31.7 percent for the year ended March 1984, largely on the strength of U.S. restocking of goods.

A weakened Hong Kong dollar throughout much of last year also improved export figures in value terms.

Mr. Ann warned, however, that "the market mood seems to have changed. In the second half of 1984, high interest rates are calling a halt to inventory building in the U.S."

"In Hong Kong overseas orders are beginning to shy away, and prices are generally weakening as reflected by quota premiums of certain hot items, which have come down to 15 to 50 percent of their peak figures."

Quota premiums are prices paid by manufacturers for exports certificates for protected markets like the United States and European countries. They are regarded within the textile industry as a reliable barometer of textile activity within the British colony.

Mr. Ann's comments echoed recent reports that, while garment makers' order books are filled for the next five months, manufacturers of primary textiles, who feel trends first, hold orders for only two to three months.

Avco's Board Rejects Offer By Leucadia

The Associated Press

NEW YORK — Avco Corp. said Friday that its board of directors had voted unanimously to reject a merger offer from Leucadia National Corp. that would have been worth nearly \$1 billion.

Leucadia had no comment on Avco's rejection of the company's offer to pay \$40 per common share and \$80 per preferred share of Avco's stock.

At those prices, the offer would have been worth \$934 million for the nearly 20.2 million shares of common stock and 1.6 million shares of preferred stock.

Leucadia National, a holding company for the consumer financing and real estate firm Leucadia Inc., had outlined on Thursday the proposed "cash merger or other business combination" in a letter to Avco.

In Thursday's letter, Leucadia said it would reduce its offer to \$36 a share for common stock and \$72 a share for preferred stock if Avco refused its initial offer and proceeded with a planned public offering of common stock.

Judge Curbs Bell Diversification

By Peter W. Barnes

New York Times Service

NEW YORK — A U.S. District judge has moved to slow the diversification by former Bell telephone companies into nonregulated ventures, telling them to concentrate on providing local telephone service, at least for now.

In a harshly worded 65-page order, Harold H. Greene established on Thursday a formal procedure, built on four new legal tests, for reviewing requests from regional telephone companies for expanding into businesses such as real estate, international telecommunications consulting and equipment leasing.

In effect, the ruling merely formalizes the process already used in considering such requests. The order was seen more as a warning to the seven regional telephone companies, which were spun off from the Bell System in January, to temper their ambitious plans for diversifying into nontelephone businesses.

"Their role is not to provide a source of rate-of-return funds, credit and other assets to finance competitive ventures, nor were they meant to be a vast conglomerate in which telephone service is relegated to a subordinate place," Judge Greene wrote.

"Yet that is what is threatened by the broad diversification efforts

presently under way. This conclusion is reinforced by the lack of restraint of some of the regional holding companies have shown in their desire to transform themselves rapidly from local telecommunications organizations into seven diversified 'Bell Systems,'" Judge Greene added.

Spokesmen for most of the regional companies, which collectively had nine filings pending before Judge Greene for permission to begin new ventures, said they could not comment on the ruling because their respective legal departments had not yet read the order.

But Barbara Smith, speaking for US West, the holding company for the Northwest part of the United States, said: "We don't have any problems with it. We are in compliance with the specific criteria — these are all things we had anticipated."

In March, US West sought approval to allow its BetaWest unit, which handles the company's real estate sales and development operations, to sell its services to outside clients. US West said the company has saved it \$1.7 million in commission expenses so far this year. A second filing, concerning mobile radio service, was filed in April.

Of the nine filings, Judge Greene rejected only BellSouth's request to supply the National Aeronautics

and Space Administration with telecommunications services. The eight requests still pending were referred back to the Justice Department, where they will be reconsidered within 30 days and again sent on to Judge Greene.

The order came three days after Representative Timothy E. Wirth, Democrat of Colorado, and chairman of the House telecommunications subcommittee, said he would study whether regional telephone companies were planning to re-enter the long-distance telephone business, which is prohibited by a court order. The companies, he said, might be moving in that direction in expectation that the restrictions will be lifted.

MCI Communications Corp., a major long-distance carrier, praised Judge Greene's order Thursday, saying that BellSouth's effort to win a NASA contract was an attempt to expand into long-distance service. BellSouth denied the charge.

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PHOENIX ASSURANCE PUBLIC LIMITED COMPANY (CPL)

The undersigned received a message from the Company whereby the Directors of Sun Alliance and London Insurance plc ("Sun Alliance") and Phoenix Assurance plc ("Phoenix") announced that they have agreed the terms of a merger of the two companies, which is to be effected by Sun Alliance making a recommended offer ("the Offer") for all the shares in Phoenix not already owned by Sun Alliance or its subsidiaries at a price of 650p in cash for each existing Phoenix share.

The complete announcement is available at the office of the undersigned. Further details will be given as soon as the offer document is received.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 23rd July, 1984.

COMPANY NOTES

Life & Casualty Co. said

quarterly earnings in the first three months of 1984 were \$63 million, compared with \$59 million a year ago.

The company reported earnings from continuing operations of \$48.7 million, off from \$44.7 million a year ago.

Life & Casualty Co. has gained Indian approval of its agreement to sell Indian Airlines 12 B-737s. Government officials said to give details of the sale and delivery schedules.

Harley-Hawley Stores Inc. said a "substantial" increase in fourth-quarter net thanks to a \$60-million gain from the sale of its

Waldenbooks subsidiary to K-mart

Corporation Industries Inc. of Japan said it is likely to supply Eastman Kodak Co. 35-millimeter compact cameras under the Kodak brand name. Chinson said discussions are continuing.

Colgate-Palmolive Co. posted second-quarter net of \$54 million, down 4 percent from \$56 million a year earlier. The earnings included a \$1.9-million gain from the sale of a minority interest and a \$6.9-million credit from the elimination of provisions no longer required for discontinued operations.

International Harvester Co. said it agreed to sell an idle manufacturing facility at Canton, Illinois, to a newly-formed private firm, Canton Corp., for undisclosed terms. Harvester ended manufacturing operations at the Canton plant last Feb. 17 as part of an overall production-consolidation program.

Johnson & Johnson said second-quarter net fell 15 percent to \$121 million from \$142 million a year earlier. Sales increased 2.3 percent to \$1.55 billion from \$1.51 billion. First-half net fell 2 percent to \$270 million from \$274 million, on sales up 1 percent at \$3.06 billion from \$3.02 billion.

McDonnell Douglas Corp. reported second-quarter net rose 26 percent to \$77.7 million from \$61.5 million a year earlier, on sales up 31 percent at \$2.5 billion from \$1.9 billion. First-half net rose 19 percent to \$145.2 million from a year earlier \$121.4 million, on sales up 15 percent at \$4.6 billion from \$4.0 billion.

Plate glass & Shatterproof Industries of South Africa said difficulty in repeating last year's earnings as domestic glass and timber operations are under increased pressure, the joint executive chairman, Ronnie Lubner, said at the annual general meeting.

Security Pacific Corp. said it has signed a letter of intent to sell its 55-story headquarters building in Los Angeles to a major institutional investor for about \$300 million.

Triton France, a division of

Triton Energy Corp. of the United States, confirmed Friday that it had struck oil east of Paris. Triton said tests carried out at its St. Ivel well on the 224 square-kilometer (140 square-mile) Melun site produced an average daily flow of 26 cubic meters and a maximum flow rate of 122 cubic meters a day.

Unocal Corp. signed an agreement with Madagascar allowing the company to acquire 50 percent of Occidental Petroleum Corp.'s interests in the state oil company, Entreprise Malgache d'Hydrocarbures. Madagascar officials said.

Walt Disney Productions Inc. was asked by a group led by an investor, Irwin Jacobs, to terminate its agreement to buy Gibson Greetings Inc. Mr. Jacobs told the Securities and Exchange Commission. The Jacobs group, which holds 5.9 percent of Disney's stock, said it would sue Disney and perhaps even solicit proxies to oust the Disney board of directors.

Warner Communications Inc. said it will sell of a 60-percent stake in its New York Cosmos soccer team for an undisclosed amount to investors led by Giorgio Chinaglia, a former Cosmos player. It was also reported that a 50-percent-owned Warner cable television company is to sell 18 cable systems to an affiliate of Falcon Communications for about \$300 million.

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New Continental Bank Chief Is Tough, Uncompromising

(Continued from Page 7)

grew from a sluggish \$2.46 billion oil refiner and oil and gas marketer into a \$2.7 billion leader in oil and gas production, refining and marketing as well as a major chemicals producer.

Throughout, Mr. Swearingen was an outspoken critic of what he saw as governmental interference with business.

As chairman in 1978-79 of the American Petroleum Institute, the oil industry's chief trade group, Mr. Swearingen gave no quarter in defense of the industry against its critics during the oil price surge that followed the Iranian crisis. He once dismissed the Carter administration energy regulators as "a bunch of amateurs."

He now finds himself the government-minted director of an unprecedented federal bank bailout. But Mr. Swearingen said Thursday he had not changed his spots.

"You do have a single large

stockholder, which is the FDIC," he said. "But they will not interfere in the day-to-day operations of the bank."

He said that to describe the rescue as the government taking over would be "erroneous."

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WEST STAR COMMODITIES LIMITED

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INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

27 July 1984

Net asset value quotations shown below are supplied by the Funds listed with the net asset value of some funds whose shares are based on issue prices. The following international symbols indicate frequency of quotations supplied for the FUND: (1) = daily; (2) = weekly; (3) = bi-monthly; (4) = quarterly; (5) = irregularly.

WAL MANAGEMENT ALMUT Trust, SA \$122.29

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Mundell's Theory Influences U.S. Policy

(Continued from Page 7)

inflation stayed down, due to excess capacity, high unemployment and the job to wages and prices, reinforced by the world slump. Thus far this year, inflation in the United States has continued to inch downward despite accelerating economic growth.

Paul A. Volcker, the chairman of the Fed, in his congressional testimony this week, indicated that the central bank will not tighten money until 1985, and then only slightly. "Cynics and monetarists are muttering about the Fed's timidity about

crossing the administration in an election year.

However, Mr. Volcker, again urged Congress to cut the big budget deficits, which he said would continue even if the economy were to regain full employment, in contradiction of President Ronald Reagan's assertion that prosperity would virtually wipe out the deficit.

Mr. Reagan, favoring cuts in social spending, does not want to raise taxes or cut military spending if he can possibly help it, and this will remain a hot issue through the campaign. The president, still hoping for big growth, is attacking the

Democrats as the party of pessimism.

And his fiscal policy is likely to remain highly stimulative, if he is re-elected. Mr. Volcker's monetary policy, assuming that he stays at the helm of the Fed after the election, is likely to become at least moderately restrictive again.

This combination would pose another test for the Reagan version of Mundellism, two-weapon economics, which, one could argue, came together beautifully this year when the overriding target was growth.

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Canada	Sumit. Met. Ind.	1st Half 1984	1st Half 1983	1st Half 1982	1st Half 1981	1st Half 1980	1st Half 1979	1st Half 1978	1st Half 1977	1st Half 1976	1st Half 1975	1st Half 1974	1st Half 1973	1st Half 1972	1st Half 1971	1st Half 1970	1st Half 1969	1st Half 1968	1st Half 1967	1st Half 1966	1st Half 1965	1st Half 1964	1st Half 1963	1st Half 1962	1st Half 1961	1st Half 1960	1st Half 1959	1st Half 1958	1st Half 1957	1st Half 1956	1st Half 1955	1st Half 1954	1st Half 1953	1st Half 1952	1st Half 1951	1st Half 1950	1st Half 1949	1st Half 1948	1st Half 1947	1st Half 1946	1st Half 1945	1st Half 1944	1st Half 1943	1st Half 1942	1st Half 1941	1st Half 1940	1st Half 1939	1st Half 1938	1st Half 1937	1st Half 1936	1st Half 1935	1
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Tables include the nationwide prices up to the closing on Wall Street

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SINGAPORE GOLD FUTURES		Close	
U.S.\$ per ounce		Bid	Ask
Sept	N.A.	N.A.	N.A.
Oct	N.A.	N.A.	N.A.
Nov	N.A.	N.A.	N.A.
Dec	N.A.	N.A.	N.A.
Jan	N.A.	N.A.	N.A.
Feb	N.A.	N.A.	N.A.
Volume: 677 lots @ 100 oz.			
KUALA LUMPUR RUBBER		Close	
Malayasia cents per 25 lbs		Bid	Ask
Aug	288.00	288.50	
Sept	288.00	288.50	
Oct	288.00	288.50	
Nov	288.00	288.50	
Dec	288.00	288.50	
Volume: 101 lots.			
SINGAPORE RUBBER		Close	
Singapore cents per 25 lbs		Bid	Ask
Aug	184.25	184.75	
Sept	184.25	184.75	
Oct	184.25	184.75	
Nov	184.25	184.75	
Dec	184.25	184.75	
Jan	184.25	184.75	
Feb	184.25	184.75	
Volume: 101 lots.			
KUALA LUMPUR PALM OIL		Close	
Malayasia dollars per 25 lbs		Bid	Ask
Aug	910	910	
Sept	910	910	
Oct	910	910	
Nov	910	910	
Dec	910	910	
Jan	910	910	
Feb	910	910	
Volume: 101 lots.			

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SPORTS

IOC Expands Events for Seoul, Calgary

men Get 10,000-Meter Run; Beitz Is Elected Olympic Vice President

By Our Staff From Dispatches

ANGELES — The International Olympic Committee added

men's 10,000-meter run

to the 1988 Olympics in

a trial basis and also

Berthold Beitz of West Ger-

many as a first vice president.

Women's 10,000 meters will

run in the Olympics that

are Saturday. The IOC must

then action to put it on the

year for the first time, a

3,000-meter run and a

marathon will be contest-

the Olympics. A group of

distance runners later sued

be 5,000-meter and 10,000-

meters as well for this Olymp-

ic group lost in court.

The program includes a

10,000 and marathon, but

100.

The IOC also approved these ad-

ditions for future Olympics:

Rowing — A men's lightweight

double sculls or a men's lightweight

four without coxswain, but only if

the International Rowing Federation

eliminates a present event.

Yachting — Women's 470 Class

centerboard dinghy. Men's compe-

tition in that class is held now.

Synchronized swimming —

Women's solo. The event had pre-

viously been added for the Los An-

geles Olympics only.

Cycling — Women's track

sprint.

Winter Olympics — For the 1988

Games at Calgary only, a Nordic

combined relay and team jumping

for men and separate super giant

slalom races and Alpine combined

competitions for men and women.

Plus, three demonstration sports —

curling, short-track speed skating

and freestyle skiing.

Beitz, in his election as one of the

three IOC Executive Board vice

presidents, defeated, by a 44-35

margin, Virgilio de Leon of Pana-

ma. Beitz will replace Louis Guir-

andou-N'Diaye, the Ivory Coast

diplomat who ended his four-year

term in office.

Beitz, the chairman of the heavy

industry conglomerate Fried

Krupp GmbH, has strong business

ties with the Soviet Union, Poland

and Hungary, and is seen by the

IOC as a valuable bridge between

the East and West blocs.

The IOC session, which ended

Thursday, also fixed Dec. 1-2 as the

date for its extraordinary meeting

in Lausanne, Switzerland, to dis-

cuss the problem of boycotts. This

major topic, which was on the Los

Angeles agenda, was referred back

so that all members could offer

suggestions.

After the meeting, the IOC presi-

dent, Juan Antonio Samaranch of

Spain, pledged the full support of

the Olympic movement to organi-

zers of the Seoul Games.

Some IOC representatives, in-

cluding those from Italy, have sug-

gested that the IOC consider stag-

ing the next Olympics in a "neutral"

site than South Korea to pre-

vent another boycott by some

member countries.

They pointed out that South Ko-

rea has no diplomatic relations with

communist countries such as the

Soviet Union and its allies boy-

cotted the Los Angeles Games.

But Roh Tae-woo, president of

the Seoul Olympic Organizing

Committee, in his progress report

on Seoul's preparations, said the

absence of diplomatic relations

"should not be a reason for non-

participation."

He said the South Korean gov-

ernment will "guarantee the safety

and convenience" of all athletes,

officials and spectators attending

the Seoul Games. (NYT, AP, UPI)

■ New Zealand Gets Games

The Commonwealth Games

Federation has awarded the 1990

Commonwealth Games to Auck-

land, New Zealand. The Associ-

ated Press reported. New Delhi and

Perth, Australia, site of the 1982

Games, also sought the games.

The 34-nation federation met

Thursday in Los Angeles.

A special committee of the fed-

eration also sidestepped a smolder-

ing conflict over English sports

relations with South Africa that

threatened to disrupt the 1986

games in Edinburgh.

The African Commonwealth

countries have been seeking to bar

England from the Edinburgh

Games because of the English Rug-

by Union team's tour of South Af-

rica earlier this year, which they

claim violated the Gleneagles and

Brisbane agreements outlawing

sports links with South Africa.

Officials of several participating

countries said it was highly unlikely

that the Commonwealth Games

Federation would bar England

from games being held on British

soil.

But A.A. Ordia of Nigeria, the

president of the Supreme Council

for Sport in Africa, told reporters

that if some sanctions are not im-

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